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Business India

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August 22-September 4, 2022

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Digital India

Time to enable more competition in the UPI market to mitigate concentration risk

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Business India

UPI (Universal Payments Interface) is yet another massive success of Digital India.

It allows anyone, to send payments to anyone else in India, using even a basic smart mobile phone. With just a few taps, or scanning a QR code, money is transferred in a jiffy. And at no cost to the sender or the recipient. This is done using an app provided by a variety of independent providers, like Google Pay, PhonePe, Paytm, or most banks. But all use the backbone developed by government through the public NPCI network.

Interestingly, China too adopted mobile payments very quickly, over five years ago. But the difference is that Chinese system is based on two private companies, Tencent, which runs the very popular WeChat, and Alibaba, which runs Alipay. This would be entrusting a few companies, say Apple or Google or Paytm to run the entire payment system in India.

Having said this, it is also true that Google Pay, owned by Google and PhonePe, controlled by Walmart are currently responsible for the bulk of the payments taking place. But the government has made clear that by the end of this year there will be caps on any single app's market share. And in any case many Indian players, including SBI, HDFC Bank, and ICICI have their own UPI apps, as also Paytm, BharatPe, and a whole host of others are fighting in the market for their share of the payments pie.

The vision of having a secure electronic public payments backbone, open to all who follow the protocols, is an expansive and bold vision. Credit must be given to the government, RBI and NPCI for having executed the vision almost flawlessly in record time. And to get the general public, to trust and accept such a payments system is itself an achievement that has been underestimated and under praised! Even most advanced western countries do not have such a system. And this system, born of Indian technical ingenuity is now also ready to be exported to other countries.

But, as always there are some issues that we need to address too. Up to now, the entire system has been free. Unlike, say credit and debit card payments, where there is a merchant discount rate, which is the small percentage of the transaction value that the merchant pays, which is then shared by the banks, card issuer and the service provider like say Visa, in the case of UPI there is no charge. Nor does the payer have to pay anything, as happens in, say foreign exchange remittance systems. The government view has been that this payments backbone is a "public good" which ought to be free, with the government subsidising both NPCI and the banks. The deep pocketed service providers, like Google Pay or PhonePe or Paytm have been happy to go along, focussing on building market share (even in a losing business) hoping for changes in policy later or working out other ways of monetising their efforts. And the question does remain, how long can or should the government pay an increasing subsidy for a service that could pay for itself.

Business India has always said that there is no free lunch. And if government continues to pay an increasing subsidy, it is really diverting money that could be spent elsewhere like health. It would be fair to say, that while it was a wise and bold decision to keep it free till fully accepted by the general public, there is no reason why say small charges cannot be imposed on transactions over a certain value -- say ₹500. There would not be resistance to a charge of a rupee or two for all the convenience, nor will it deter further growth of the system. On the contrary, the one and two rupees will quickly add up to cover almost the entire cost of running UPI.

It will be interesting to watch the developments and evolution of this grand Indian success.

Ashok H. Advani

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UPI has taken off and crossed the $1-trillion mark in transaction values for FY21-22. But India cannot allow it to be a two-horse race with billions of UPI transactions going through only two players – PhonePe and Google Pay

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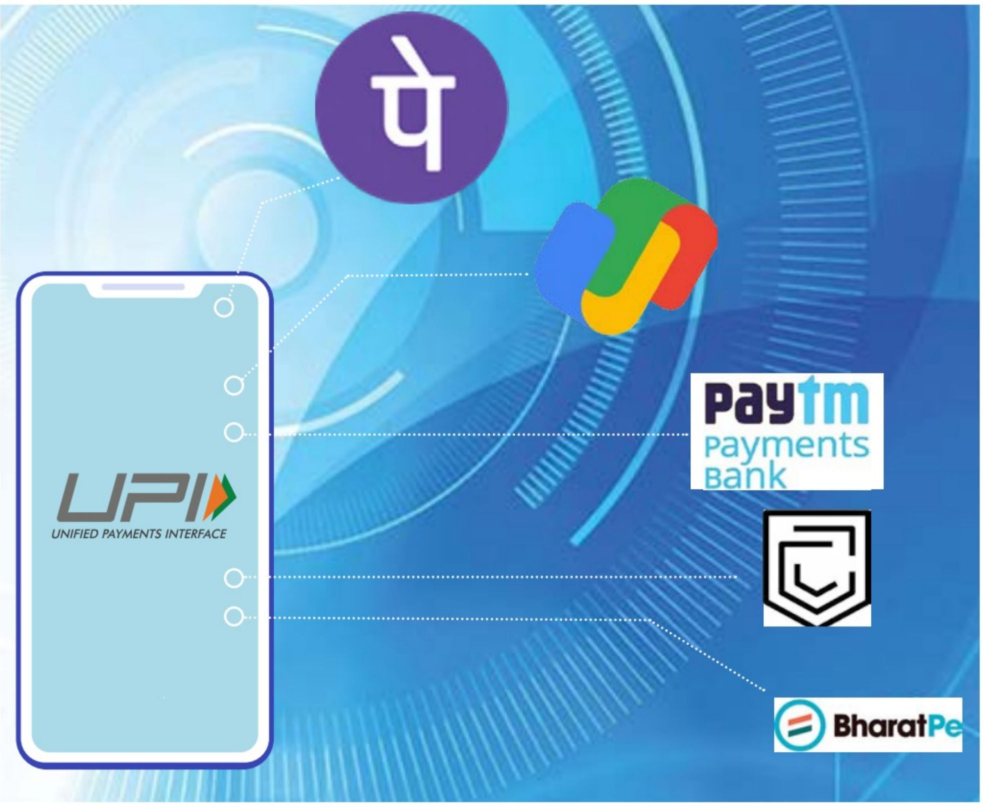
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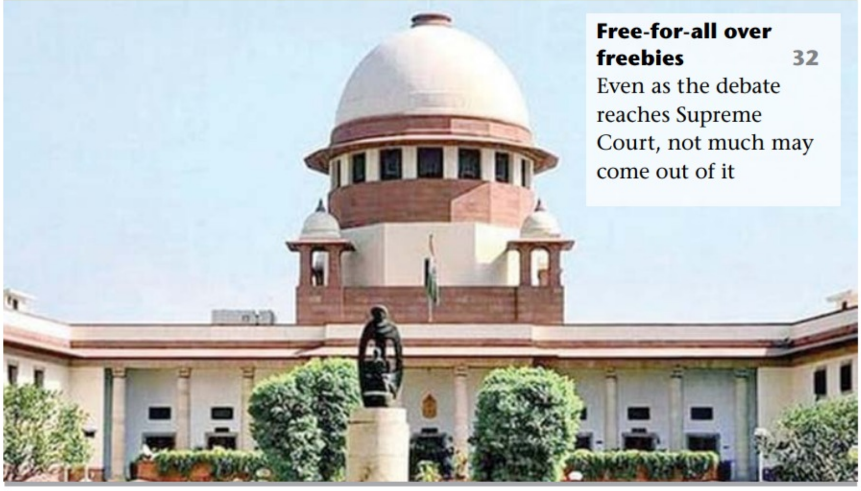

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Nothing embarrassing

India needs to plan better for food security

India is the world's second-largest commodity producer of wheat and its wheat imports have been at a nominal 0.02 per cent of production annually. Hence, reports claiming that India may have to import wheat due to insufficient stocks in the domestic market caused a measure of panic. The reports said that our wheat reserves have fallen to a 14-year low in August. The government was cut to the quick and moved in quickly to clarify that it had no such plans and that the country had enough of the essential commodity for public distribution. After all, how could Prime Minister Modi, who had once offered to 'feed the world' amid wheat shortages, which resulted from the Ukraine war, now have to reckon with food shortages in his own country!

Though wheat is India's biggest winter crop, concerns over rice production may also take the centrestage soon, as it could be the next challenge for global food supply. Of particular concern should be reports of 'dwarfing' of rice plants in Punjab and Haryana, the country's rice bowl. In this context, it is worth emphasising that the import of wheat (or for that matter rice, if our production falls short) is not a national embarrassment, nor should it be politicised. India has been proudly self-sufficient in food grains for several decades, after the initial success of the green revolution and of policies of public procurement that give production incentives to farmers. Since there is an ongoing change in consumption patterns of Indians, this is likely to lead to a bigger demand for finer grains like rice and wheat or, on a net basis, for more food.

India is not a major exporter of wheat. But, early this year, it had to take the drastic step of banning exports to ensure food security amid a sharp increase in prices and a decline in output due to the heat wave. This happened after concerns over wheat production emerged as several parts of the country saw an unusual early summer, which reduced output. However, the reassessment after the March heat wave led to the hastily imposed ban on wheat exports, which dismayed farmers who were eyeing windfall gains due to high international prices.

Government officials had said in May that India's expected production for 2022-23 was at 105 million tonnes (mt), much lower than the earlier estimate of 111 mt. Traders and flour millers are forecasting only 98-102 million tonnes of production. An independent assessment by the US agriculture department pegs India's production this year at 98 mt.

Out of this, about 30 mt is needed for food security schemes such as National Food Security Act, PMGKY and OWS. This could go up, as about 42 mt of wheat was distributed under NFSA and PMGKY in the last financial year.

The government will have to carefully monitor the situation and take coherent measures, if it does not want to end up with shortages. Consumer wheat prices increased 11.7 per cent in July, while wholesale prices saw a rise of 13.6 per cent. The rise in domestic wheat prices was due to lower output. Though the government banned the export of the commodity in May, atta (wheat flour) exports have gone up sharply since then. While the atta exports in 2021-22 were at 500,000 tonnes, India was shipping nearly 100,000 tonnes every month even after the wheat ban.

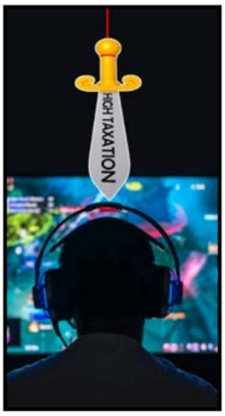
Agricultural commodity prices are expected to remain much higher than its earlier projections. According to the World Bank's Commodity Market Outlook report, wheat prices, in particular, are forecast to increase by more than 40 per cent this year, reaching an all-time high in nominal terms. So, we must be prepared.

Over the years, many distinct changes in consumption patterns of Indians are discernible. For one, there is the transition from coarse cereals like jowar and bajra to fine cereals like wheat and rice; for another, there is an increase in consumption of meat, dairy and poultry. These require higher production of food grains, including corn and soya, as animal feed. The third trend in changing consumption patterns is more food being served as ready-made items in restaurants and community kitchens. That, too, is likely on a net basis to lead to increase in the demand for food.

Thus, according to economists, if one extrapolates the demand for food grains, taking into account changing consumption patterns, and rising incomes and prosperity, it is clear that domestic availability will not be enough at the current rate of growth of productivity and yields and acreage. Sooner or later, India will have to plan for food security which has a significant linkage with imports, or encouraging Indian companies to own food production in other land-abundant countries like Australia or Ethiopia. ◆

'Mobile first'

India is poised to become world's largest gaming hub



With about 420 million active online gamers and a 500-million-strong digitally native population aged 15-35, India is set to become one of the fastest growing markets globally. In the recent India Gaming Conclave (IGC) 2022, eminent industry leaders and stakeholders got together to discuss the future roadmap of the gaming industry in India. The theme of the conclave was Getting ready for the new normal – the gaming industry in 2022 – what Next….

One of the issues facing the next phase of growth of gaming in India will be driven by the acceleration of the acceptance of 5G, cloud gaming, gamification and mobile gaming devices, among others, which was outlined on the sidelines of the conclave. It outlined the industry's vision for 2022 and beyond, with an eye on global and domestic trends, as well as India's potential to disrupt the global industry in the near future.

The gaming industry is today driven by both casual and heavy gamers and is one of the fastest growing industries in India. According to KPMG, India is home to 430-460 million gamers today, which fact showcases the growing popularity and following amongst the youth. A powerful processor to this is the 'soul' of a smart phone, which continues to be a major decision-making factor for a user.

But, two aspects of a reported proposal of the group of ministers (GoM) assume significance, with respect to the new GST rate. The first is increase of rate from 18 per cent to 28 per cent, while the second issue is the change in the valuation method on which the rate will be applied. Today, the industry is paying 18 per cent of the gross gaming revenue (GGR) as platform fee, which is the fee charged for the services provided. However, reports in media suggest that 28 per cent on the whole of the entry amount at a contest may be charged as fee, which also include the prize money for the players. "If reports are accurate, then this will in all likelihood make most companies unviable and even the market leaders will suffer the devastating impact," observes Roland Landers, CEO, All India Gaming Federation (AIGF).

Additionally, the gamers may find the cost of playing each game unbearable, which may coax them to go to offshore gambling sites, instead of legitimate games on skill platforms. The cost may increase to about three times the current levels. Such escalation will lead to significant drop in the number of games a player can engage in for a limited amount of money. Further, the investors, who were bullish till now, may even write off their investments, while most of them may not even show interest in the sunrise sector anymore.

AIGF is thankful to the government for following an open and consultative approach. They have given multiple opportunities to AIGF and industry to present their points. And they are having a deliberative dialogue. AIGF is hoping for a rational and progressive resolution from the GoM. "We can hope that when GoM and the government look at constitutional and economic reality with the nuanced lens, they would be convinced to retain the method of valuation to GGR or platform fee. As to rate of tax, 18 per cent is ideal but ultimately the rate is a policy decision of the GoM and the GST Council.

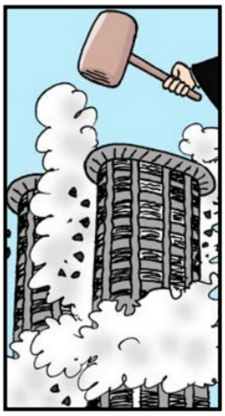
But the bigger issue is if the tax is applied on GGR or platform fee or on the whole of contest amount. If 28 per cent is applied on platform fee or GGR, which is the current valuation method, then increase in tax burden will be 55 per cent. This is huge but it might still let some players run their business with viability. However, if 28 per cent is applied on whole of contest amount as the new valuation method, then the increase could be about 1,100 per cent. It is unprecedented and will surely kill the industry.

The gaming industry in India is growing at a healthy pace, due to an increased adoption of advanced gaming technologies, enhanced adoption among consumers, and significant rising demand for mobile gaming. With the increasing popularity and demand, India is likely to become a global hub for gaming in the near future.

Moreover, online gaming has been growing exponentially in India, mainly driven by the adoption of online gaming especially mobile gaming, an increase in professional gaming events and e-sports, better infrastructure, connectivity and availability of technologically advanced devices. The latest Sequoia India and BCG report says that India's gaming industry is generating $1.5 billion in revenue and is expected to triple to over $5 billion by 2025, on the back of the 'mobile first' phenomenon. ◆

To ground zero

Is demolition the right practice or a waste of national wealth?



After a long wait, finally, the much-talked about Supertech Twin Towers in Noida will be brought to ground through controlled explosion. It will also mark the finale of a long battle the residents' association was waging.

The news about the towers has been widely publicised and many believe that this is a lesson for all stakeholders in real estate industry that they should not violate laws in their eagerness to amass wealth. In a media interview, Keshav Prasad Maurya, deputy chief minister, Uttar Pradesh, used it to gain political mileage by mauling the previous state government. "These two towers were developed at the cost of ₹400 crore, without following building rules," he stated in a media report. "The builder constructed three times the approved number of the floors and didn't leave enough space between the two towers. About 30 employees, officers and contractors of Noida Authority and other organisations have already been suspended and booked for their involvement in this act of corruption, which was committed during Akhilesh Yadav's rule between 2012 and 2017."

Supertech chairman R.K. Arora stated that the demolition will incur the company a loss of about ₹500 crore. His statement also added that the demolition would not impact its other projects, "We have completed and given delivery of more than 70,000 units to homebuyers and are committed to give delivery to remaining homebuyers, within the scheduled time frame. We assure all our home buyers that the order of the Supreme Court will not affect any other ongoing projects and that all other projects will continue," he added.

But the question is: will banks and over 700 buyers of the towers recover their money, as the builder is in the NCLT now? It looks like the company is the biggest loser. But, since the builder is now in a corporate insolvency resolution process, the overall value of the assets would be assessed and, in turn, the money available for resolution will impact all the creditors such as banks and buyers.

It all began when, in 2014, the realty firm Supertech got the land allotted for developing a group housing project by Noida Authority in the city's Sector 93A. Soon, work started on the 'Emerald Court' society, with the developer taking several revision plans from the authority. The twin towers, Apex (32 storeys) and Ceyane (29 storeys), were built by the developer in gross violation of the building rules. In 2012, the residents' association of the Emerald Court moved Allahabad High Court, citing lack of residents' consent for the new towers within the same housing complex, which is in violation of the rules as a minimum 16 metres' distance should be maintained between buildings and the new construction coming up in the area, marked for green space.

Allahabad High Court ordered the demolition of the twin towers in 2014 and also pulled up the Noida Authority for being in collusion with the developer. Supertech moved the Supreme Court challenging the High Court order and seeking relief, but lost the case. In August last year, the Supreme Court upheld the High Court order and directed the authorities to undertake the demolition of the twin towers; it also ordered that the entire amount of homebuyers should be refunded, with 12 per cent interest from the time of the booking.

The twin towers in Noida – higher than Qutub Minar – will be razed to the ground in a few seconds, using 3,800 kg explosives. The structures have 915 flats, 21 shops and two basement areas. The demolition cost, close to ₹20 crore, will be borne by the developer.

The demolition is expected to set an example for the real estate segment and will serve as a warning to unscrupulous developers, who violate rules. Another developer concurs and says that the developers will now be more cautious in taking decisions relating to change in areas, which will benefit the buyers. Also, the implementation of RERA has brought a tremendous amount of transparency into projects, he adds.

However, several others in the industry feel that the demolition is an extreme step. The towers were built, taking a lot of time, effort and resources, including tonnes of building materials. So, instead of going for demolition, an alternative resolution could have been sought, many feel. Preferably, the government should have acquired the property after punishing the developer and used the buildings for some useful purpose. Why destroy national wealth? ◆

Geographical play

PVR, a leader in the film exhibition business, is dedicated to delivering cinema experience to different audiences. Today, it operates 858 screens across 174 properties in 76 cities in India and Sri Lanka and serves over 100 million patrons annually. The company offers a wide range of cinema services, such as child-friendly audios, the latest screening technology, superior sound systems, a wide range of F&B offerings, diverse content for regional movie-goers and an array of formats in the premium screen category (such as Director's Cut, LUXE, Sapphire, IMAX, 4DX, Playhouse and PVR Onyx). The company has also announced an all-stock amalgamation of Inox with itself, which will create the largest multiplex chain in the country, with a network of more than 1,500 screens. According to one source, the merger is expected to add momentum to the business considerably. The company plans to double the screen volume in next 5-7 years. Also, it has launched its first multiplex at Venu Mall, Nizamabad, Telangana. Strengthening its footprint across key markets, the newly opened four-screen property is integrated with best-in-class theatrical solutions and a host of personalised hospitality services, to offer an immersive and seamless cinematic experience. The company has revived its capex plans and is on track to open a total of 125 new screens during 2022-23.

Game changer

Nelco a Bombay House affiliate, was initially into technology for defence, while also working hard at providing flight connectivity to people. This is a major break-through for the Tata group company, which has global equity partners. Its present focus on B2B and main markets is cellular backhauls/ mobility, remote village connectivity and (meeting) enterprise needs for reliable connectivity with fibre-like latency in rural areas via satellite. The company will file for various approvals required to operate a satellite broadband service in India. More importantly, it will also seek landing rights. The policy of the government of India allows for companies to have local satellite gateways. The game changer for this company is the government's thrust and dream of connection every inch of Indian land through NET. Nelco is basically an electronics company, offering wall and pole mount, innovative antenna, back-up connectivity, interactive training, security and other solutions. It also provides shared hub, voice-over IP and data communication services. After years of waiting, Nelco has finally started its in-flight connectivity services. A small company from the Tata group, with its market cap below ₹2,000 crore, does it have the potential to turn into another Tata Elxsi?

Ramping up

Mining PSU Gujarat Mineral Development Corporation, also one of the largest lignite sellers in the country, is ramping up its lignite production to support the MSMEs looking for cheaper fuel. It is inviting bids from lignite mining contractors to ramp up production in its Surkha Lignite Mine in Bhavnagar. GMDC produced 8.5 million tonnes of lignite last year and plans to take it to 10 million tonnes this year. It has added 400 new MSME customers in the last six months. With coal prices being as high as ₹8,000-10,000 per tonne and beyond, average lignite prices tend to be ₹4,000-4,500 per tonne, making it viable for MSMEs to opt for the latter. While lignite mining will continue to be the largest contributor to the company's revenue at over 90 per cent, the PSU plans to add other streams of revenue, including bauxite mining and thermal power. As part of its long-term growth plan, GMDC is also foraying into rare earth elements mining, where it has roped in the Boston Consulting Group for its strategic transformation, as also McKinsey & Co for the development of REE assets.

Platform for students

In an effort to create a more equitable pool of opportunities for students in India and prepare them for their career journey, leading talent management platform Monster.com has launched Zuno, the early career platform. It has already emerged as one of India's leading platforms for paid internships and jobs, which offers a variety of roles, ranging from sales and marketing to programme management, software engineering and design. During the first couple of months of operations, more than 600 of the top organisations of the country have already started hiring interns from the platform. To provide opportunities at a large scale to students, Zuno has launched the 'Zuno Fellowship' programme, which is one of India's largest. It offers students the opportunity to upskill themselves and add premium internship tags that will help them in being recognised and hired by top companies. It is expecting over 300,000 college students from across the nation to participate in the programme.

Innovative paints

Headquartered in Kolkata, Berger Paints India Ltd (BPIL) has its manufacturing facilities in West Bengal, UP, Pondicherry, Goa and Jammu & Kashmir. The second largest paint company in India, it is engaged in making and selling paints, varnishes and enamels for various applications. The company offers its customers a variety of innovative painting solutions – decorative, as also industrial. The company services the market through a distribution network, comprising about 110 stock points and more than 25,000 dealers. For the full fiscal ended March 2022, BPIL's net profit was up 15.73 per cent at ₹832.95 crore, as against ₹719.72 crore in the previous fiscal. Its revenue from operations had climbed 28.51 per cent to ₹8,761.78 crore from ₹6,817.59 crore in 2020-21. BPIL has international presence in four countries – Nepal, Bangladesh, Poland and Russia. At present, UK Paints (India) is its holding company (50.09 per cent). The company has technical licence agreements with DuPont Performance Coatings, in the area of automotive coatings; Nippon Paint, for new generation of automotive coatings; Orica Australia, for protective coatings; Tigerwerk Lack-u Farbenfabrik GmbH and C KG Austria for specialised powder coatings; and Nippon Bee Chemical for coating on plastic auto parts and mobile phones. ◆

On expansion mode

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Rohatgi, Andersen and Davies: looking to grow in Tier II and III cities

In January 2022, *Business India* had written about ISS Facility Services. The company continues to be bullish on India's growth story. To finalise its business strategy, the global CEO was in India recently to take a stock of the current facilities ISS offered to clients, new growth areas, investments and long-term plans for India.

With manufacturing and service sectors opening up after the pandemic, ISS Facility Services is looking at increasing its business in India and spreading across new areas, where there is a lot of potential to grow. The company also plans to increase the workforce by 25-30 per cent in the next two-three years. Financial technology, professional services and global back offices are moving to India. These clients are looking to establish and grow not only in Tier I but also in Tiers II and III cities. With the new business opportunity, ISS India is aiming to double its revenues over the next three to five years.

"If we take a step back, we come with a significant heritage," says Jacob Aarup-Andersen, group CEO, ISS AS. "The ISS group was started in 1901, as many as 121 years ago, with 20 employees that were night watchmen in Copenhagen. Since then, the company has developed into a completely different company, a large global company, over the years; today, we employ close to 400,000 people all over the world". "Our services range from cleaning to technical services to catering food. And, we do it in a unique way, because it's all our own people. So, in this industry, many of these companies in the industry operate with a lot of sub-contractors. The year 2020 was a storm for our entire industry including ourselves. In the last two years, we have invested a lot -- we built a much bigger technology muscle and we built a sustainability muscle. We can also see the company is really coming back strong, with good commercial momentum everywhere. Financial performance is back where it should be, and we're seeing the investment starting to pay off", adds Andersen.

The group's global OneISS strategy represents the start of the new journey, refocussed on driving execution and delivering on the promise of the company's global strengths. And, the purpose is to connect people and places to make the world work better.

"Two years back, if we were to have this meeting, I would have not been in person, I would have missed the entire essence and the expression," explains Aksh Rohatgi, CEO & country manager, ISS India. "And, now, that the markets are opening up and India is shining, and most of the offices are opening up while, as and when employees are coming back to the office businesses. Having a workforce of close to 50,000 people, keeping them engaged, motivated, and then making sure that they understand our customer's purpose is a massive effort and that's a huge differentiation that companies like ISS have over any other organisation".

Since 2005, when ISS set shop in India, they have generated employment for over 250,000 people. And, the way business is growing in India, the time is not far off that this number increases significantly. ISS global team and the regional team met recently to focus on the entire organisation and the operations in India. The team also had meetings with the customers, partners and ISS Placemakers at the sites.

"We have globally defined segments in which we are investing heavily because we see an advantage," adds Andersen. "And they are mirrored in India as well. Industry and manufacturing are important to us. Banking and professional services are also extremely important to us. Then, globally, healthcare has been a third major segment for us. It is also a growing segment, but not as large as the other two".◆

S M BOOTHEM

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Switch Mobility has unveiled India's first electric double-decker air-conditioned bus – Switch EiV 22. Designed, developed and made in India and utilising Switch's global electric bus experience, Switch EiV 22 is equipped with the latest technology, ultra-modern design, highest safety and best-in-class comfort features. "The government's vision and policies are supportive towards EV adoption with growing consumer demand for greener solutions," affirmed **Nitin Gadkari**, Union minister for road transport & highways. Added **Ashok Hinduja**, chairman, Hinduja group of companies: "I would like to congratulate Switch Mobility, a subsidiary of Ashok Leyland, for being the one to revive the double-decker and remain committed to introducing new technologies for the benefit of passengers and society, at large. Launching the Switch EiV 22 in Mumbai today is a proud moment for the Hinduja group, which has a clear vision to support economies in delivering their net zero objectives through renewable energy, finance and zero-emission transportation. We are confident that our new double-decker bus will deliver a cleaner and more sustainable future, reinforcing our commitment to India and the globe." Explained **Dheeraj Hinduja**, chairman, Switch Mobility, on the iconic product: "It's a proud moment for us, as we bring back the iconic double-decker to India. Ashok Leyland was a pioneer among Indian manufacturers when it first launched the double-decker in 1967 in Mumbai and Switch is carrying forward that legacy. With our strong expertise in double-deckers, both in India and the UK and, with over 100 Switch electric double-deckers in service on the UK roads, we are happy to not only bring back this icon to life but also reinforce our commitment to create this form factor for India and the globe". ◆

SANJAY BORADE

Healthcare behemoth **Apollo Hospitals** Enterprise has earmarked a total of ₹1,700 crore towards its ongoing capex and expansion plans in Gurugram and Chennai. Earlier this month, Apollo Hospitals announced the acquisition of a hospital asset in Gurugram, with a potential of 650 beds over 700,000 sq ft from Nayati Healthcare and Research NCR Private Limited, for a consideration of about ₹450 crore. "We paid ₹450 crore for 5.67 acres," said **Suneeta Reddy**, managing director, Apollo Hospitals, while addressing June 2022 quarterly earnings call. "We think there is a building that is existing there, so maximum, we will invest another ₹350 crore." Elaborating on the capex plans, A. Krishnan, group CFO, Apollo Hospitals Enterprise, informed that the routine capex, which is part of the cash flows every year, is about ₹300 crore. Apart from that, the free cash flows would be about ₹800 crore. "This free cash flow is what we are going to be using for deployment in new projects. We already have free cash in our hand. The Gurgaon asset acquisition happened in Q2, which is ₹450 crore. So clearly, the free cash flow plus, the cash that we have in our hands of almost ₹900 crore, is something that we can use towards some of our expansions," he added. ◆

Homexchange is India's first home sale and upgrade proptech platform. The Mumbai-based start-up, backed by HDFC Capital, Oberoi Realty, and Anarock group, tackles bottlenecks in the secondary housing market, enabling homeowners to quickly and seamlessly upgrade from their current residential properties to new homes from partnered developers, which include some of the industry's biggest names like L&T Realty, Rustomjee, Oberoi Realty, Puravankara, Assetz, and others. Homexchange's proprietary process unlocks the equity stuck in existing homes of customers providing instant liquidity to fund the purchase of an upgraded property from one of their reputed developers' partners. Customers get an offer in just five days, and the entire transaction can be completed in 30 days, eliminating the hassles and uncertainty of selling an existing property and upgrading to a new home. It currently operates in Mumbai, Thane and Bengaluru and has executed a little over Rs120 crore in transactions. "Selling a home to buy a new one is stressful, uncertain and takes months," says **Jesal Sanghvi**, co-founder & CEO, Homexchange. "Our vision is to simplify it and provide a quick, transparent, and seamless experience through our technology platform." ◆

Prama India is committed to put India on the global map for video security products. The company has a state-of-the-art manufacturing facility near Mumbai. It makes high-quality security products as per Indian standards and market requirement. Today, Prama India is one of the leading indigenous video security product manufacturing companies that are truly 'Made-in-India'. Its India specific product focus has created new opportunities for the ecosystem partners, system integrators, application developers. The company is opening Prama brand stores across India in order to help customers evaluate the products, key components and vertical solutions. These brand stores are a one- stop -shop for all stakeholders with the aim to reach out to Tier-II and Tier-III cities. "We are getting encouraging response from dealers, distributors, system integrators and end-users," says **Ashish P. Dhakan**, MD & CEO, Prama Hikvision India. "Our focussed marketing initiatives are driven by the market insight, technology trend and customer data. Despite the increasing competition in the Indian security market, we are fully geared up". ◆

Founded in 2013, **Acuver Consulting** is one of India's most dynamic IT services and consulting companies working to fuel innovation in the supply chain industry. Co-founded by Sunny Nandwani and Satyajit Jena, the Bengaluru-headquartered Acuver has over 150 employees and the backing of some of the world's leading software and technology companies, such as IBM and SAP. The company has revolutionised the supply chain industry by providing hassle-free and seamless supply chain optimisation for its clients via cutting-edge tech solutions. Their services range from 'order management' and 'omni-channel fulfilment' to 'supply-chain visibility' and warehouse & inventory management, and even the implementation of business intelligence software solutions. Acuver's holistic services and state-of-the-art technology have led it to serve over 100 million global consumers across diverse sectors. Its client portfolio includes world leading conglomerates, Fortune 500 companies and even emerging market players across India, the US, Japan and Australia. "What makes Acuver stand out in comparison to the cohort of other IT services companies is its emphasis on gaining an in-depth understanding of its client's business needs," says **Sunny Nandwani**, founder & managing partner, Acuver. ◆

Upriver, an online channel management and sales acceleration organisation, excels in growing a brand's revenue on Indian and international marketplaces as well as through D2C, using data analytics and cutting-edge AI tools. Founded 2019, the start-up which enables the seller ecosystem for marketplaces through its account management services ensures everything from onboarding on new markets or launching D2C websites to listing and catalogue management, daily inventory and order management, advertising & promotion, customer retention and more. Upriver has extensive experience in marketplaces such as Amazon, Flipkart, Myntra, Nykaa, Ajio, 1Mg, Smytten, Meesho, Namshi, Noon, Zalora, eBay, Etsy, and others. Further, it also works with modern online grocers like Big Basket & Milk Basket. The firm already has over 90 brands in its portfolio, including industry titans such as Reliance Brands, ITC, Wipro Consumer Products and others, as well as young D2C brands such as Suganda, Softspun, and others. "We deliver services tailored to its client's requirements, ranging from strategy formulation to execution to providing full ownership and management of online channels," says **Baqar Iftikhar Naqvi**, CEO, Upriver. ◆

The Maritime Union of India (MUI), the country's oldest union of merchant navy officers, has announced the appointment of **Tushar Pradhan** as general secretary, consequent to the elections in 2022. Pradhan has served in shipping companies like Scindia, Wilhelmsen Ship Management and Wallem before -- in command for the last 27 years and with a total of 45 years at sea. He is committed to improve the facilities and support to seafarers, including addressing of grievances related to wages, abandonment and criminalisation of seafarers, shore leave at Indian ports, incidents of hijacking, hostage taking, sign-off/ sign-on, repatriation, convalescent homes, financial assistance for medical issues and education, as also services provided by Women's Wing. Pradhan has assured all seafarers and their families that he would be accessible to them at all times, for communication about issues requiring guidance and intervention of the Union, to ensure justice for all seafarers. ◆

Royal Enfield has launched the new Hunter 350, a 'two-wheeled double espresso of motorcycling. Engineered and designed for the urban hustle, the new Hunter 350 is a remixed roadster with the character of a Royal Enfield reimagined in a stylish, compact-yet-muscular geometry, that can tackle crowded city streets, suburban backroads and beyond, with aplomb. "At Royal Enfield, we are closely engaged with our consumers and community," says **Siddhartha Lal,** MD, Eicher Motors, speaking about the inspiration behind the Hunter 350. "Their desires and aspirations shape the motorcycles we make and we are always looking to create newer experiences and newer formats of pure motorcycling for them. There were always a set of passionate motorcyclists that loved our brand but did not find the right kind of attitude within our portfolio. The Hunter 350 is for them. It is a motorcycle that combines the strengths of seemingly different species, and brings it together in a super stylish and fun package that is an all-new flavour of pure motorcycling with the unmistakable Royal Enfield character." Adds B. Govindarajan, CEO, Royal Enfield: "The Hunter 350 is an outcome of several years of insight gathering and consumer studies from across the world. We are confident that this new reimagined roadster will usher in a whole new set of global consumers into our world of pure motorcycling". ◆

The rush begins

Countries hold road shows to lure Indian tourists

Phuket: all time favourite

As international borders open up, several countries are holding road shows in India to promote tourism, five of them – Qatar, Singapore, South Korea, Thailand and Vietnam – having held road shows in August itself. The heat wave sweeping Europe, chaos at some big airports, China's zero Covid policy are some of the reasons for the rush.

A new entrant to this field is South Korea. "We are elated to welcome travellers from India to South Korea again," announced an official of the Korea Tourism Organisation (KTO) India (which falls under the ministry of culture and tourism), addressing a press meet in New Delhi. "Our main influx of K-Pop and K-drama fans has traditionally been from Europe, Southeast Asia and China. We hope to add young people from India to the list soon."

Hallyu sweeps The Korean cultural wave (K-Pop, K-drama, etc) or Hallyu has swept India too. Hallyu refers to the global popularity of South Korean culture and is considered one of the biggest cultural phenomena. China and Japan were the first countries to be swept by this wave.

Given the popularity of the Korean wave, Hallyu-based experience centres are being developed all over. One such centre was opened in Seoul in July this year, called HiKR Ground – eXtended Reality Korea promotional hall – covering five floors of the building. Traditionally, Jeju Island and Gyeongju are tourist favourites for their scenic beauty and traditional charms,

Da Nang Tourism Promotion Centre from Vietnam too organised a road show in Delhi to introduce Da Nang (a coastal city) tourism. It is dubbed the Miami of Vietnam and is also known for its six bridges crossing the Han river.

"The average number of visas for Indians to enter Vietnam has surged since the advent of Covid-19," said the ambassador of Vietnam in India, while giving his speech at the road show. "It has increased 24 times – from 250 visas per day pre-Covid-19 to 6,000 visas per day at the moment. The Vietnamese Embassy has received many requests for weddings or conferences in Vietnam."

Vietjet Air which, along with Da Nang, conducted the road show, has announced new direct flights from Vietnam to India. The airline will launch two first direct services linking Mumbai and New Delhi with Da Nang, starting 17 and 18 October. The airline will launch three more routes to Da Nang from Bengaluru, Hyderabad and Ahmedabad on 28 and 29 November, as also 1 December.

Vietnam is home to eight world heritage sites recognised by the UNESCO. According to media reports, the country reported 18 million tourists in 2019.

Da Nang beach: the Miami of Vietnam

Sky Mirror is actually a seabed that appears above water during low tide

Thai flavour Moving to the perennially favourite countries, the Phuket Tourist Association with the help of the Tourism Authority of Thailand (TAT) has organised road shows in New Delhi, Mumbai and Bengaluru in the first week of August. "Phuket has always been the top destination in Thailand for most Indian visitors, with stunning views of beautiful beaches, white sand and crystal clear blue sea – a perfect place for weddings, parties and family gatherings," claimed Pattarat Hongtong, ambassador of Thailand to India at the Delhi road show. "The road show is another event that helps to strengthen stronger ties between the two countries, to become strategic partners at all levels, as this year marks the 75th anniversary of the establishment of the diplomatic relations between Thailand and India".

According to the Website of TAT, during the first six months of 2022 (January to June) a total of 2,079,950 tourists have visited Thailand. India, with 235,857 tourists, stands at the top of the table (a share of 11.34 per cent), followed by Malaysia (9.65 per cent) and Singapore (6.17 per cent).

In August this year, Singapore too held a road show. "After more than two years, it heartens us to welcome Indian travellers to Singapore again," enthused Renjie Wong, area director, India & South Asia, Singapore Tourism Board, addressing a press conference in Hyderabad. "India has emerged as our second largest source market. And, Hyderabad is an important source market among the 14 cities, with direct flight connectivity to Singapore." The road show will move through five cities.

According to the Singapore's government Website, the tourist arrivals for January-June 2022 stood at 1,503,430. Indonesia ranks first with 281,547 visitors (18.73 per cent) followed by India with a count of 219,140 (14.58 per cent). Among the new attractions in Indonesia are the Museum of Ice-Cream and the Sky Helix Sentosa.

Qatar's road shows were in Delhi and Mumbai. The country will be hosting the football world cup during November-December this year. In 2019, Qatar had 2,136,504 visitors, out of which Indians' tally was 385,148. The UK accounts for 133,418 visitors and the US comes in with 127,271.

Malaysian marvels In July this year, the officials from Tourism Malaysia held a briefing session for members of the Travel Agents Associations of India (TAAI) in Goa. Malaysia is keen on the newly opened Genting SkyWorlds (a theme park located in Genting Highlands, a hill station) and Sky Mirror (located in Kuala Selangor), among other things. It has been named after its mirror like reflection of the sky. The Sky Mirror is actually a seabed that appears above water during low tide. A similar feature exists in Bolivia too, called Salar de Uyuni, the world's largest salt flat.

Music tourism is slowly recovering the world over. Malaysia is among the countries, which is reviving this form of tourism. Kuala Lumpur will be holding the well-known Tamilian singer Anirudh Ravichander's concert in mid-September this year.

"Tourism Malaysia supports all concerts, local and foreign, being held here, because the artistes will bring along their followers to Malaysia," informs a Malaysian official. "So far, we have four artistes from India."

For 2019, the number of Indians visiting Malaysia stood at 735,309, India ranking sixth among them. Three other countries also have taken similar steps to boost tourism. South African Tourism has launched an exclusive India airfare campaign, in partnership with Air Seychelles. To run for a month between 25 July and 25 August 2022, the campaign offers return tickets on the Mumbai-Johannesburg route for ₹38,148.

Azerbaijan Airlines also has announced new flights to India. Beginning August this year, the airlines will connect Baku to New Delhi. Baku, the capital is known for its long coastline.

India is on the top 10 category as far as tourist arrivals in Azerbaijan are concerned, according to the government statistics. In 2018, total Indian arrivals there were 39,051, which moved up to 65,118 in 2019. In July this year, 6,200 Indians visited, as against 4,500 in June 2022. Then, there is Kazakhstan, which has also introduced visa-free travel for citizens of India, Iran, and China. ◆

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FIBREBOARD

Catching on

Artison Agrotech, Century Plyboards, Greenpanel Industries and Greenply Industries have one thing in common. Either they are expanding their existing medium density fibreboard (MDF) capacity or setting up a new plant to produce MDF.

For starters, MDF is basically recycled wood and gum that have been fused together with pressure and heat. It is increasingly displacing plywood the world over and India is no exception.

Compared to plywood, MDF is

cheaper, smoother and does not expand or contract. But, MDF cannot stand high stress, lacks longevity and the use of formaldehyde in its making is counted as a health hazard.

As per industry estimates, the current size of the domestic industry is estimated at ₹2,500-3,000 crore, with a growth rate (CAGR) of 15-20 per cent. This segment is considered to be capital-intensive and it takes a couple of years for a new plant to stabilise. “If you put up an MDF plant, it normally takes 2-3 years,” informs K.M. Gajjar, CEO, Rushil Décor, during an earnings conference call in August this year. “So, it's not simple that one can start from tomorrow.”

Expansion drive Currently, there are a few players in the industry. Greenpanel Industries, with a capacity of 660,000 cubic metres (cu m) ranks number one in terms of capacity. Action Tesa (4,00,000 cu m) comes second and Rushil Décor ranks number three with 3,00,00 cu m.

Greenpanel Industries considers itself the leader in the MDF segment, with a share of 28 per cent of the market. The company's annual report for 2021-22 reveals that it has two manufacturing units – one, in Rudrapur (Uttarakhand) and the other, in Srikalahasti (Andhra Pradesh), the installed capacity of which together is put at 660,000 cu m.

In July this year, the company held a conference call for investors and analysts, soon after it announced its first quarter results. “Our board has approved a capital expenditure project for expansion of MDF capacity in Andhra Pradesh,” said Shobhan Mittal, managing director of the company, in his opening remarks. “We will be expanding the capacity by 231,000 cu m annually, at a cost of about ₹600 crore.” The company expects this new capacity to go on stream in the first quarter of 2024-25, as per its clarification issued to the NSE.

Century Plyboards has a 200,000 cu m capacity MDF plant in Hoshiarpur (Punjab). The company is not only expanding its capacity, but also putting up a new plant in AP. Following its announcement of first quarter results for 2022-23, its management held a conference call for investors and analysts in July this year. “Our MDF brownfield expansion at Hoshiarpur is as per schedule and is expected to come on stream by October 2022,” remarked Sanjay Agarwal, MD of the company. “Our South MDF capex has received all the requisite approvals; the machinery also has been ordered. We expect the facility to come on stream by second half of 2023-24.” The cost of its expansion is ₹220 core and the cost of putting up a new plant in AP is expected to be ₹600 crore, informs an investor presentation made by the company.

MDF - HIGH MARGIN SEGMENT

	Century Plyboards* Q1 June 22 (₹ crore)	Greenpanel Industries* Q1 June 22 (₹ crore)	Rushil Décor** Q1 June 22 (₹ crore)
Segment Revenue			
Plywood and Allied Products	482	71	0
Laminate and Allied Products	164	0	48
Medium Density Fibre Board	156	393	161
Particle Board	51	0	0
Others	38	0	3
Total Segment Revenue	890	464	211
Less: Inter Segment Revenue	1	0	0
Income from operations	889	464	211
Segment Results			
Plywood and Allied Products	47	10	0
Laminate and Allied Products	22	0	2
Medium Density Fibre Board	53	129	39
Particle Board	18	0	0
Others	5	0	0
Total Segment Results	144	138	42
Net Profit	93	78	27
Mcap (19th August 2022)	14,749	5,546	1,075
* Consolidated ** Standalone			

The two new entrants in the MDF field are Greenply Industries and ArtisonAgrotech. ArtisonAgrotech, an unlisted company, is putting an MDF plant in Dhamnod (Madhya Pradesh). The company will use bamboo to make MDF. The plant is expected to go on stream in 2023. The Indore-headquartered Artison has processed an engineered bamboo board factory in Madhya Pradesh, which is used to make furniture.

Greenply Industries, while making an investor presentation on the first quarter's results of 2022-23, has informed that it is setting up an MDF plant in Gujarat. The cost of the project is ₹555 crore and the capacity of the plant will be 800 cu m/ day. The company had a conference call for investors and analysts in August this year. “In quarter IV, we are assuming trial runs only and, then, from Quarter I of the next financial year, commercial production will begin,” remarked Manoj Tulsian, joint managing director & chief executive officer, while answering queries.

Interestingly, Greenlam Industries is not in the MDF segment. The company had an investors' and analysts' meet in July this year, where one of the questions asked was: ‘Why hasn't Greenlam entered the MDF segment, when MDF is cannibalising the plywood industry and players are not expanding their plywood capacity in contrast to Greenlam? “If you look at where the volumes of plywood are declining, you will find that it is mostly in the lower end of the plywood market, which is the unorganised cheaper plywood market,” answered Saurabh Mittal, managing director & chief executive officer of the company. “So, our plywood model is 100 per cent self-production, in-house production and mid-to-premium quality aimed at the residential market and not at the commercial market. So, MDF is replacing plywood in the commercial market for ease of usage, if you do not want too much of durability, they are okay with an acceptable quality already and they are fine with the limited durability, which MDF does often. That was the rationale of having a plywood plant for us here.”

If the first quarter's results are anything to go by, the margins in this segment are high. Clearly, this will attract attention in the coming years. Also, currently, there is no anti-dumping duty for MDF.

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67th Bangkok Gems & Jewelry Fair
Asia's Leading Gems & Jewelry Trade Fair
7-11 SEPT 2022
IMPACT Muang Thong Thani

GEM & JEWELLERY

Bangkok calling

India has been a key market for Thailand's gem & jewellery exports, especially silver jewellery. It has been growing at the rate of 158.21 per cent from last year. Both the countries share unique civilisation links going back several millennia. In recent years both these neighbours have been sharing an excellent multilateral and business relationship in various sectors.

"For Thailand, India holds a particularly special place, both for tourism and trade, both before and after the pandemic. India has largely contributed to Thailand's exports in gems and jewellery products," says Donnawit Poolsawat, Consul-General, Royal Thai Consulate-General at the launch of the 67th edition of Bangkok Gems & Jewellery Fair (BGJF) in Mumbai which is promoted by Thailand's Ministry of Commerce, Department of International Trade Promotion (DITP) with Gem and Jewellery Institute of Thailand (GIT) and the Thai Trade Centre.

According to DITP's recent report, Thailand's gems and jewellery exports (excluding gold) have risen to $3,884.21 million between January to June 2022; a 40.96 per cent increase from the previous year. Among the main markets like the US, Hong Kong and Germany, the Indian market has generated the highest export value, a total of 149.21 per cent increase from products like diamonds, gemstones, pearls, jewellery, synthetic stones, precious metals and other products clad with precious metals.

India has been the top visiting country for the BGJF fair for many years, both in terms of footfalls and trade volumes. For this 67th edition Indian visitor registration has been on the number 1 slot too, with many more registrations pouring in. BGJF is a very important trade platform, especially for Indian exhibitors. This is primarily because being neighbours, both the countries share a similar culture and heritage not only in terms of existence and food habits, but also fashion and lifestyle. For an Indian buyer or importer this exhibition gives a nearby and readymade platform to access the latest range of designs of gems and jewellery uniquely created by Thailand.

A precious moment BGJF is the biggest Gem and Jewellery Fair not only in Asia, but throughout the globe. DITP has been continuously playing an essential role in promoting Thailand's gems and jewellery industry globally. BGJF 2022, which will be held at Impact Challenger Hall, Muang Thong Thani, Bangkok will have more than 800 exhibitors and 1,800 booths. More than 10,000 visitors and 1,200-million-baht revenue is expected from this edition. Established players and entrepreneurs from all over the globe will be able to network with manufacturers, buyers, importers, distributors and exporters from Thailand and worldwide across all ranges of gems, jewellery, gemstones, gold, silver as well as packaging, equipment, tools and machinery.

"This 67th edition is very special for us. As it is for the first time that the fair is co-organised by DITP and the Gem and Jewellery Institute of Thailand (GIT). It's very exciting to know that now India's younger generation has cultivated a strong penchant for Thai's silver jewellery, and has been wearing it as an attractive accessory to various functions and festivals," observes Supatra Sawaengsri, Executive Director & Consul (Commercial), Thai Trade Centre.

"On the eve of this road show, we also discussed with DITP how both the countries can maximise each other's specialities amongst themselves. We came to the conclusion that with the exchange of our lab grown diamond jewellery (LGDJs) and their well-known silver and gems in large quantities, we will be able to help the people of both the countries sample and cherish each other's domain expertise to the fullest," says Rajesh Bajaj, Conveyor, Lab Grown Diamond Jewellery Council,

India's Lab Grown Diamond & Jewellery Promotion Council (LGDPC) & DITP also came to an understanding on how both the countries can leverage each other's special resources exponentially. LGDJC proposed to export a substantial number of lab-grown diamonds gold, silver and rubies to Thailand and in return Thailand will export their ruby, silver and white gold worth the same amount to India. This will further boost the economy and solidify the bilateral trade between both countries. ◆

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IRCTC fiasco

Plan to monetise data comes to naught

Indian Railways: ready to monetise a load of passenger information?

A recent move by the Indian Railway Catering & Tourism Corporation (IRCTC), the Indian Railways ticket booking arm, has kicked up a controversy. It was planning to monetise its passengers' data to generate additional revenue that would enable the company to improve its margins, but, the government ended up with egg on its face.

IRCTC has a number of businesses like rail ticketing, hotel booking, catering service, air ticketing, bus booking and retiring room booking on its own platform. The controversy has its origins in the public sector undertaking hiring a consultant to assist with the monetisation process, through which it had planned to raise ₹1,000 crore. IRCTC had identified sectors such as hospitality, health, energy and infrastructure as potential customers for the passenger data in its tender document for hiring the consultant.

The Indian Railways has now put the plan on hold, after the news generated apprehension among millions of users of IRCTC, the country's largest e-commerce website, as India still does not have a data protection law. To make matters worse, the Modi government recently withdrew the contentious Personal Data Protection Bill 2019, which aimed to regulate how companies and the government could use the digital data of citizens. And, it is yet not known when the new version of the law would see the light of the day.

Freedom advocacy and social media groups raised a ruckus when IRCTC had floated a tender for appointing a consultant for digital data monetisation to leverage its more than 100 million registered users data. As per the tender document, the customer's data that will be studied by the consultant includes name, age, mobile number, gender, address, email-id, no. of passengers, class of journey, payment mode, login/password.

Concerns raised

Internet Freedom Foundation, a Delhi-based non-governmental organisation advocating digital rights and liberties, expressed concerns over the tender and outlined its pitfalls in a series of tweets. "Hey, train travellers, your data will soon be monetised by the government, and that too, in the absence of data protection legislation! ...A profit maximisation goal will result in greater incentives for data collection, violating principles of data minimisation & purpose limitation. Past experiences from the misuse of Vahan database amplify fears of mass surveillance & security risks," it said.

"IRCTC, a government-controlled monopoly, must not prioritise perverse commercial interests over the rights and interests of citizens," the NGO added. "And, given the recent withdrawal of the Data Protection Bill, 2021, such monetisation becomes even more concerning".

Earlier, the tender document titled The scope of work for project A: for study of monetisation of digital data of Indian Railways (IR) said that the consultant will also study the data of passenger, freight, and parcel businesses of the Indian Railways such as PRS, NGeT, NTES, UTS, Rail Madad, FOIS, TMS, e-CRM and PMS, as well as vendor-related data from applications like IREPS, VMS and IPAS. The consultant would also be provided access to the digital data systems, which generate behavioural data, such as flow of passengers, class of journey, frequency of journey, travel time, booking time, age group and gender, payment mode, number of destinations, and booking modes.

The document also said that the consultant will study various acts or laws, including the IT Act, 2000 and its amendments, user data privacy laws, including the General Data Protection Regulation and the current 'Personal Data Protection Bill, 2018', and accordingly, propose the business models for monetisation of digital assets. The consultant would also prepare a roadmap for data monetisation of the digital data collected at various customer-facing and vendor-related applications, which include zonal railways, divisions, and other units like CRIS, and PSUs like IRCTC, Railtel, etc.

However, it is now clear that the adverse reaction to the reports has made the government wary. Shares of IRCTC fell, even as senior officials claimed that the corporation does not sell customers' financial information and has no intention of doing so. The railway stock had gained in the recent sessions and had increased investors' wealth by 18 per cent in the past month, as against the benchmark Sensex, which has risen close to 6 per cent. ◆

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Ballooning fertiliser subsidy

Amount may touch ₹2.5 lakh crore this year

SANJAY BORADE

The government outlays on fertiliser subsidy have galloped past budget estimates

Though the Modi government has kept a tight rein on expenditure, outlays on fertiliser subsidy have been galloping past budget estimates by unacceptably large margins. There is a growing view among economists that the finance ministry should pay more attention to fertiliser subsidy. While the economic crisis in our neighbouring countries has turned the spotlight on fiscal profligacy, leading economies on the path to ruin and sparked debate on our states doling out freebies and subsidies, the fact is that the Centre too has some soul-searching to do on this front.

After defraying over ₹81,000 crore on fertiliser subsidy in 2019-20, Union budgets for 2020-21 and 2021-22 had sought to cap it at ₹71,309 crore and ₹79,529 crore respectively. But the revised estimates by year-end turned out 77-80 per cent higher than budgeted, at ₹1.28 lakh crore and ₹1.40 lakh crore respectively. For 2022-23, though the sowing season has just begun, the Centre has announced plans to augment its ₹1.05 lakh crore budget provision for fertiliser subsidies by another ₹1.1 lakh crore, taking the outlay to a record ₹2.15 lakh crore.

Now, there are reports that the government may have to further revise the budget estimate (BE) for fertiliser subsidy in the current fiscal year by about 140 per cent to ₹2.5 lakh crore, as elevated global prices of fertilisers and natural gas, the key feedstock, have inflated costs. This will be the largest ever outlay for fertiliser subsidy. The amount even overshadows food subsidy, projected at ₹2.06 lakh crore, and the ₹1.7 lakh crore outlay on Pradhan Mantri Garib Kalyan Yojana, which offered succour to the poor and marginalised through the Covid pandemic.

It would be wrong to fault the Centre for failing to foresee the escalation while framing its Budget, as exogenous events such as China's export curbs and the Russia-Ukraine war have created supply bottlenecks that have led to an 80-100 per cent spiral in prices of fertilisers and their inputs in the past year alone. As fertiliser manufacturers in India are required to retail their products well below costs, the government ends up footing the bill for the gap to ensure uninterrupted supplies during the sowing season.

But, while no one could have foreseen the recent supply disruptions, successive governments at the Centre must certainly shoulder the blame for failing to summon up the political will to periodically peg up fertiliser selling prices so that the gap between realisations and costs could be narrowed, lightening the burden on the exchequer. It is striking that, with price hikes being put off for over a decade now, urea retails at one-tenth of its landed costs today (₹300 per 50 kg, against the cost of about ₹3,500), resulting in subsidies making up 90 per cent of production costs. Phosphatic and complex fertilisers, supposed to have been 'decontrolled' with the introduction of the Nutrient-Based Subsidy (NBS) regime, are in an identical situation. With manufacturers asked to hold their price lines, over 65 per cent of Di-Ammonium Phosphate production cost is today subsidised.

No burden to farmers

Mansukh Mandaviya, Union minister for chemicals & fertilisers, has recently stated that the government would not pass on the burden of rise in global prices to farmers. The government has been raising the subsidy on urea in tandem with the increase in costs, as the retail prices of the nutrient are fixed. The government had, in April, increased the NBS-based subsidy rates for phosphatic and potassic fertilisers for the *kharif* season (from 1 April 2022 to 30 September 2022), in view of the increased cost of imports. The minister's statement signals that the NBS rates will be hiked further in the October review.

Apart from burdening the taxpayer, subsidies of this order create other anomalies in the market – from diversion of subsidised products to industrial uses and imbalanced NPK use, to mounting arrears for producers, as the Centre delays pay-outs. Given India's heavy reliance on imports for fertiliser inputs, there appear to be only two durable solutions to this problem. The Centre can initiate gradual inflation-linked price hikes on all fertiliser products, so that the gap between costs and prices is narrowed, if not bridged over time. Or, it can make subsidy payments directly to farmers, bypassing the industry. The Centre's successful rollout of the DBT model for Kisan Samman Nidhi and Ujjwala schemes should offer useful lessons on how fertiliser subsidies can be transitioned to this leakage-free mode. ◆

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AAP under scanner

CBI probes Delhi excise policy

Sisodia: receiving kickbacks through clandestine routes?

When the Aaam Aadmi Party government in Delhi rolled out its excise policy on 17 November 2021, many had welcomed it. The new policy was meant to make the liquor trade more beneficial for the public exchequer and consumers. The policy had privatised and liberalised the liquor trade, with the AAP projecting a revenue increase of Rs9,500 crore. It was hoped that this amount would go into enhanced social sector spending, for which AAP has already earned some brownie points.

However, in less than a year, the picture has changed. The excise policy has been rolled back and government-owened liquor vendors like the Delhi State Industrial Development Corporation is again back in the distribution of liquor in the national capital. This, even after a 27 per cent increase in government revenue, amounting to Rs8,900 crore, resulting from the new excise regime for liquor sales.

The Central Bureau of Investigation recently raided the residence and office of Manish Sisodia, the deputy chief minister, and architect of the new excise policy, along with multiple locations. Sisodia has been accused of corruption in the implementation of the 2021-22 policy.

Procedural lapses

This follows the announcement of a probe by the CBI by Vinai Kumar Saxena, Delhi's new Lieutenant Governor, after the chief secretary of the Delhi government submitted a report alleging 'ulterior motive of monetary gains' on the part of the accused in the implementation of the new policy, which the Delhi government then withdrew. The report has accused Sisodia of 'deliberate and gross procedural lapses' to give 'undue benefits to liquor licensees' through the policy, and receiving kickbacks through clandestine routes, which the CBI is probing.

Under the scrapped policy, which came into effect in November 2021, Delhi was divided into 32 zones, with every zone consisting of 27 liquor vends. In order to make the trade more attractive, the government allowed the licensees to determine their own prices, regardless of the MRP, offering unlimited discounts to customers. Shops were allowed to be open till 3 am, while other facilities like home delivery to customers were allowed. With the introduction of the policy, the Delhi government had withdrawn from the liquor business, letting only private players operate liquor stores. Licences were issued to 849 retail vendors via open bidding by the excise department.

However, as per the chief secretary's report, the policy resulted in anomalies and cartelisation and monopolisation of the liquor trade. While the merits of the case remain a subject matter of investigation, hardly anyone expects the CBI to be impartial. The BJP has been successful in putting its opponents on the defensive, by misusing the CBI and the ED to target political opponents and states through investigations on a regular basis. The irony in this instance is that AAP has been a votary of strong Central laws and Central institutions to combat corruption, having transformed itself into a political party after beginning as an anti-corruption campaign platform.

The AAP's popularity in Delhi has curiously alternated with its principal opponent, the BJP. While AAP swept the last two assembly elections in Delhi, the BJP won all seven Lok Sabha seats twice over during the same period. AAP's welfare schemes in Delhi helped it replicate its popularity in Punjab, where it won power, but is now struggling to govern. AAP's strategy has been to tar all politicians – and politics itself – with the same brush, while claiming to be the only incorruptible entity. That is why it has not elicited any sympathy from the Congress. The reaction from other formations has also been somewhat muted.

Political observers believe that AAP's attempts to re-enact the script in Gujarat, the prestigious pedestal of the BJP, where elections are due this year, were bound to invite the BJP's wrath. AAP leaders have been announcing a host of pre-poll freebies in the state, in a bid to corner the BJP and eat into the space occupied by the opposition Congress. Moreover, the AAP is trying to project the General Elections in 2024 as a contest between AAP chief Arvind Kejriwal and Prime Minister Narendra Modi. It now remains to be seen whether the aggressive and holier-than-thou politics crafted by AAP survives the no-prisoners approach of the Modi-Shah duo. ◆

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Reduced opportunities

India may attract less large-scale foreign direct investments in the coming years

BRIJ KHINDARIA

Prime Minister Narendra Modi's pledge to turn India into a developed country in the next 25 years, when it marks the 100th anniversary of independence in 2047, shows remarkable ambition. It outruns by two years Chinese President Xi Jinping's pledge to make his country's prosperity and international influence equal to, if not higher than, the US by 2049 -- the 100th anniversary of the Communist Party's rule in China.

The success of Modi's ambition depends mainly on structural reforms to the Indian economy, at least as radical as those which the Chinese leaders implemented consistently, during the past three decades, to turn China into an industrial, technological and military warhorse, capable of credibly challenging America. However, the hurdles in India are much greater. It is a sub-continent with, by one count, 32 separate nations with different languages, deep-rooted cultures and local lifestyles. At independence, few in the West expected it to survive as a united country and democracy, or ever become prosperous. It has not only survived but come through a partition, which reportedly killed nearly two million people and displaced about 20 million, several wars and protracted military hostilities with neighbours -- Pakistan and China. It has also overcome fundamentalist terrorism, incited mostly by Pakistan, and remains a secular country with its entire populace equal in the eyes of the law.

Since independence, India's GDP has increased 50 times to $2.6 trillion and the International Monetary Fund (IMF) thinks it could become a $5 trillion economy by 2026-27. The IMF projects a mediocre 3.2 per cent global growth in 2022, but expects India's GDP to grow by 7.4 per cent. Indian GDP has shown steady progression from about 5.7 per cent in the 1990s to 6.9 per cent on the eve of the Covid-19 pandemic. This economic performance, which is the best in the world today, was driven by the tech sector, strong agriculture and good manufacturing. Some experts expect Indian GDP to reach $30 trillion by 2052.

On current indications, sustaining such robust growth over time will require much political boldness to overcome shortcomings within the Indian economy. Worse, the prospects of a long bloody war in Ukraine are already tipping Europe into recession. A US-China military clash over Taiwan may disrupt the entire world economy, because of its global importance as a manufacturer of semi-conductors.

Judging from his public declarations, Xi seems determined to integrate Taiwan into China before celebrations in 2049. He may not be around then, but his successors may feel honour-bound to fulfil his wish, since his stature is steadily rising to being higher than even Chairman Mao Zedong.

A vital requirement for Modi's plan is to export more, in addition to well-known issues concerning excessive debt, insufficient infrastructure and bureaucratic red tape. He has hit the nail on the head by trying to establish India as an efficient and diverse manufacturing hub. Tech exports like back-office software and customer services are likely to slow down as the US and Europe look inwards by in-shoring tech capacities to attain more self-sufficiency.

Being able to greatly increase exports of manufactures involves a lot of complexities, including world trade regulations that are fair towards India and properly supervised in a neutral manner. Usually, the World Trade Organisation (WTO) would do this, but it is not yet independent enough from the US and European influence to be an impartial actor. Now, with the West's trade wars with China and Russia for national security reasons, prospects for WTO's independence may diminish further.

The tensions caused by trade wars may also cause retrenchment of some aspects of the US-led Western economies and reduce opportunities for expansion of India's exports. So, a great deal of skilful diplomacy will be required in politically tense external environments. India may also have trouble attracting the large-scale foreign direct investments it needs, because of changing financial and tax regulations. The government is trying to address these hesitations seriously, but it will take some time for credibility and confidence to build up. International financial conditions are febrile and the slightest external tensions will cause investors in rupee bonds to flee.

An interesting Modi initiative that could help to improve the situation is a recent national master plan for multi-modal connectivity to reduce logistics costs from 13-14 per cent of the country's GDP to 8-10 per cent, as in most developed countries. The plan is to develop 35 hubs for seamless connectivity via road, rail, water and air. This connectivity is a vital necessity – just as Germany uses its river Rhine as a transport lifeline. ◆

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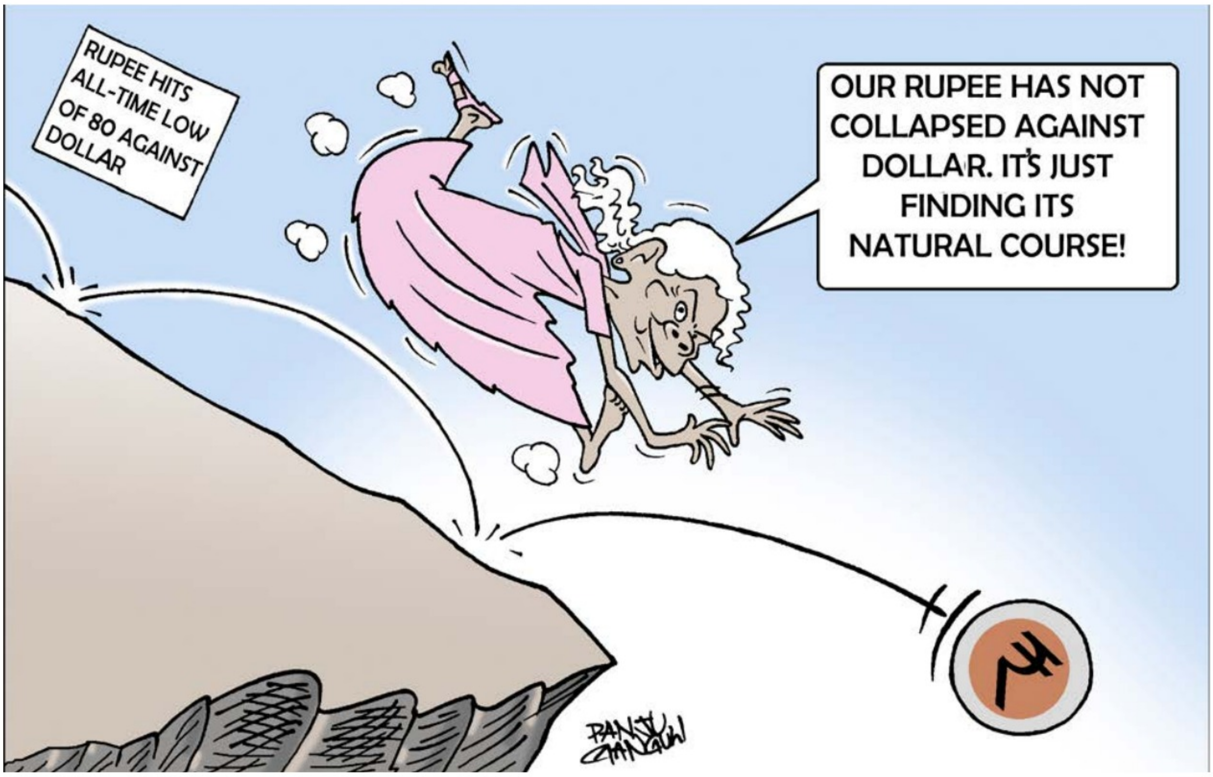
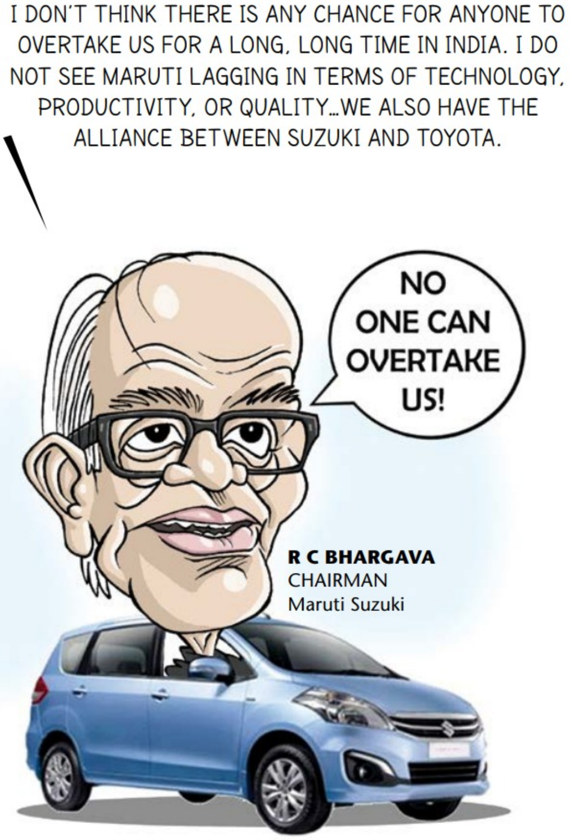
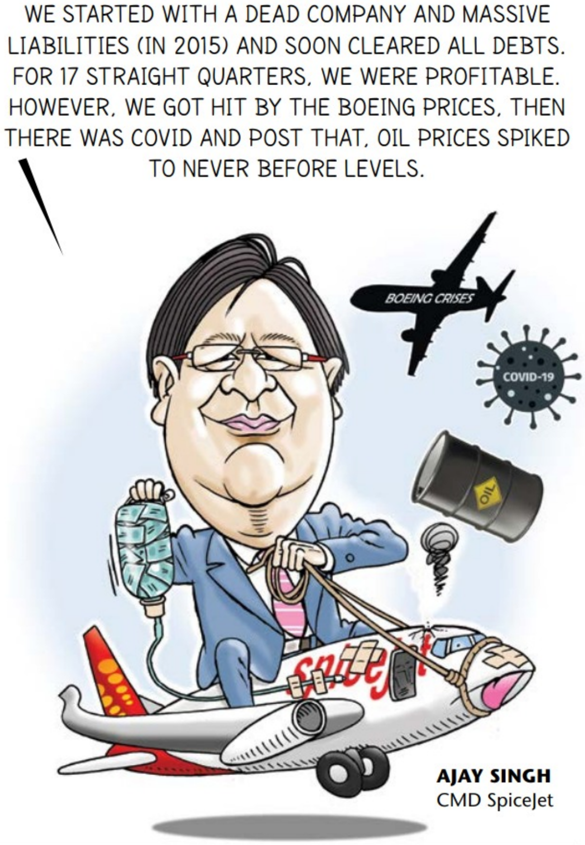
Panju's Page By Panju Ganguli


RUPEE HITS ALL-TIME LOW OF 80 AGAINST DOLLAR
OUR RUPEE HAS NOT COLLAPSED AGAINST DOLLAR. IT'S JUST FINDING ITS NATURAL COURSE!
₹
PANJU GANGULI


I DON'T THINK THERE IS ANY CHANCE FOR ANYONE TO OVERTAKE US FOR A LONG, LONG TIME IN INDIA. I DO NOT SEE MARUTI LAGGING IN TERMS OF TECHNOLOGY, PRODUCTIVITY, OR QUALITY...WE ALSO HAVE THE ALLIANCE BETWEEN SUZUKI AND TOYOTA.
NO ONE CAN OVERTAKE US!
R C BHARGAVA
CHAIRMAN
Maruti Suzuki


WE STARTED WITH A DEAD COMPANY AND MASSIVE LIABILITIES (IN 2015) AND SOON CLEARED ALL DEBTS. FOR 17 STRAIGHT QUARTERS, WE WERE PROFITABLE. HOWEVER, WE GOT HIT BY THE BOEING PRICES, THEN THERE WAS COVID AND POST THAT, OIL PRICES SPIKED TO NEVER BEFORE LEVELS.
BOEING CRISES
COVID-19
OIL
spicejet
AJAY SINGH
CMD SpiceJet

Lessons from sports

India's recent wins at the Commonwealth Games should inspire brands

JAGDEEP KAPOOR

India was able to be fourth in the ranking of countries in the recent Commonwealth Games 2022, held at Birmingham, England. This was one of the best performances India had accomplished -- and its overall tally of 61 medals, including 22 gold, proves it.

There are many lessons here for the brands to learn from, so that they also can achieve success in the sports arena – be it in cricket, hockey, badminton, athletics, boxing, wrestling or table tennis. It does not matter whether it is men or women, India's sports contingent did the country proud; and the brand marketers need to see what lessons can be learnt from these events, for brands to be successful.

Discipline

Brands must practise discipline, be it at the time of the launch of a product or service; while nurturing and growing them; or facing intense competition. Brands that do not practise discipline in their thinking and implementation and do not follow a system, may not succeed at all. But brands that go about their activities in a systematic and disciplined manner, in every aspect of brand marketing, increase the probability and possibility of their success, just like the sportspersons.

Teamwork

Even in individual events, teams make a difference – and that include the team of trainers and coaches, who actually help an individual to achieve his/ her potential. In the case of team events, off the field and on the field, teams have to co-ordinate and co-operate to be able to win. In brand marketing too, teamwork is important. Whether it is planning at the head office level, execution at the sales level in the field, at the brand management level, in logistics or other aspects needed to succeed in other functional departments, teamwork is critical. There could be differences among individual members but, when one looks at a common objective of winning against competition and increasing image, sales, market share and profit, then teamwork becomes important.

Preparation

Without preparation, there cannot be success. We must get inspired by the sportspersons who prepare for at least four years, before they go and participate in the competition – be it the Commonwealth Games, the Olympics or any other arena. This strong preparation is done not only at the physical level but also in the minds; and it is done not only at a level oriented with skill, it is also with fortitude. Similarly, brands which go to the market or the field without preparation, may not succeed or succeed only at a limited level. Well-prepared brands in every department of marketing are the ones who have a greater chance of gaining market leadership and growing to the top. Preparation has to be in-depth and not superficial for brands to be able to succeed.

Mental strength

Hard work in any field is not for the faint-hearted. Whether you are a soldier in a battlefield, a sportsperson on the field, a farmer on a farm, or a brand marketing professional in the market, mental strength is an important ingredient we need to learn to develop from watching and studying the sportspersons, if you want to have successful brand building. Sportspersons have their ups and downs. At some phase of the event, they may have been on top while, in some other stage, they may have been down – but it is the mental strength that will make them keep getting up and trying again and again. And that applies to all arenas – be it the boxing ring, the wrestling arena, the badminton court or at the ping-pong table. Brand builders also need to have mental strength to be able to face competition and be able to take the ups and downs in their stride and still move ahead to take their brand forward.

Physical fitness

Many brand marketing professionals, sitting in the head office, may wonder how all these are possible. It is fine for sportspersons to have physical fitness but, people in the corporate world, in their offices, do they need it? Well, in other functional areas, you may or may not need it but, for brand marketing and sales distribution, you better have physical fitness. Whether one is working in a market place doing 40 outlets daily, or visiting retail outlets -- whether it be in B2C/ B2B or general trade/ modern trade, or products/ services, marketing professionals must have good physical fitness. If you want your brand to be physically fit, then the brand marketing professional too should be physically fit, so that they can grow.

Strategy

In the previous Olympics, as also in the recent Commonwealth Games, the Indian sportspersons who won medals, definitely had a strategy,

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and were helped in developing that strategy by their coaches and trainers. To understand competition and withstand competitive pressures, as also to outstand in the arena, you definitely require a strategy. A lot of thinking and planning goes into that and, hence, brands must understand that without a well-thought-out strategy, it is not going to be easy to increase the sales or market share or profit or awareness or trials, repeats and image of the brand.

Execution

You may have great strategy but execution, whether off-line or online, is of prime importance. Sportspersons understand that and many who won medals in the recent Games, did well in executing the strategy that was planned, in an efficient and proficient manner, which led to their success. In brand marketing too, the execution and implementation of a well-thought-out strategy, in a timely, efficient and systematic manner with constant improvements and improvisations, through the loops of feedback and reviews and retraining is what leads to success. At the end of the day, how you execute is singularly important *en route* to brand success.

Persistence

Successful sportspersons, who have won medals, are the ones who have a great amount of persistence also. They just don't give up. It is quite possible that, sometimes, they fail to win; yet, they do not give up. They learn from their failures and then improve and go out again to make another attempt and invariably succeed. In brand marketing too, it is quite possible that, in the field, a retailer or a distributor initially may not be willing to buy at all; or may not be willing to buy the full range; or may not be willing to buy again and again. But then, the regularity and persistence of skilful presentations and the convincing power -- in efforts above the line to win consumers and efforts below the line to win the trade channels -- is what ultimately pays. Brand marketing professionals, who have no patience and give up easily, actually do not just give up on their own brand, they also surrender the whole market to the competitor, who is waiting to grab the market share, just waiting for the rival to give up. So, that would be a grave error on the part of any marketing professional. This is the important lesson of persistence one should learn from sportspersons. After all, their history and track record gives enough evidence for any brand marketing professionals to learn these brand lessons from.

Sense of pride

It is great to watch a sportsperson with his sense of pride exuding from him/her after winning a point or scoring a goal or winning a bout. That sense of pride for their own selves, for the sport and for the nation, is something to be emulated by brand marketing professionals. Sports and matches are won point by point, patiently; and, with every win, the sense of pride increases, motivating the sportsperson to advance to victory. At times, brand marketing professionals may not show that sense of pride of winning a point, launching in a territory, getting a new consumer or customer, converting each and every distributor or retailer, winning each and every point. This sense of pride at each and every small win actually propels him/her for the big victory. Brand marketing professionals should get inspired like the sportspersons on every point they win -- because victory in sports or in brand marketing is never at a point of time, it is always over a period of time, with a series of points having been won, which brings a sense of pride to get motivated to move forward.

Believe in your coach

Sportspersons who have won medals have full faith and belief in their coaches. They do not doubt. They have full faith and go about with full belief in the guidance that has been given by their coaches. This helps them move in a particular direction and win with faith and belief in oneself and in their coach. In fact, at one point of time, the faith and belief of the sportsperson and of the coach became one – that is why they win. Similarly, brand marketing professionals must respect advice and guidance given by the people who guide them so that they can lead them to victory. If you want to win in sports or in brand marketing, doubt is out.

Thus, we see that brand marketing professionals can get truly inspired and learn many brand lessons from sports and inculcate that in their day-to-day brand marketing efforts, so that they could take their brands to greater heights and be able to win for their companies. ◆

Data on the run

UPI
UNIFIED PAYMENTS INTERFACE

UPI has taken off and crossed the $1-trillion mark in transaction values for FY21-22. But India cannot allow it to be a two-horse race with billions of UPI transactions going through only two players – PhonePe and Google Pay

There is always something soothing about neighbourhood vegetable markets in India. Shops are stacked with layers of shelves, neatly lined up with fresh arrivals in a resplendent canvas of nature's colourful bounty. This has always been the case for decades, where the noise of good haggles meshes in perfectly with the cacophony of bazaars where tens of thousands of goods are hawked every day. However, there is something else

The NPCI must also review the progress of the two dominant players in the intervening four months in adhering to the 30 per cent market share, at frequent intervals

DILIP ASBE
MD & CEO, NPCI

that has become an enduring feature in these shops over the last couple of years: the United Payments Interface (UPI) QR codes.

UPI crossed the $1-trillion mark in transaction values for FY2021-22 after the payments system crossed 5 billion transactions in a month for the first time in March 2022, continuing its growth trajectory since its Indian adoption in 2016.

These codes have, in many ways, redefined the way people transact and are increasingly becoming the instrument of choice for small payments, triggering a widespread behavioural change among hundreds of millions of Indians. “India’s indigenously UPI has become, at least anecdotally, the default payment option, even for small ticket purchases such as paying for a ride on an e-rickshaw. Most people now reach for the phone to make a payment at a shop rather than cash. It is not about buying goods alone. In addition to merchant payments, a majority of peer-to-peer transactions are also being done using UPI, which has also made sending and receiving money a breeze,” says Sunil Pachisia, director, Pratibhuti Vinihit Ltd, a stockbroking outfit, who points out that UPI has been one of the biggest beneficiaries from the tailwinds provided to digital payments with the onset of the Covid pandemic, as consumers shunned cash amidst fear of transmission of the virus.

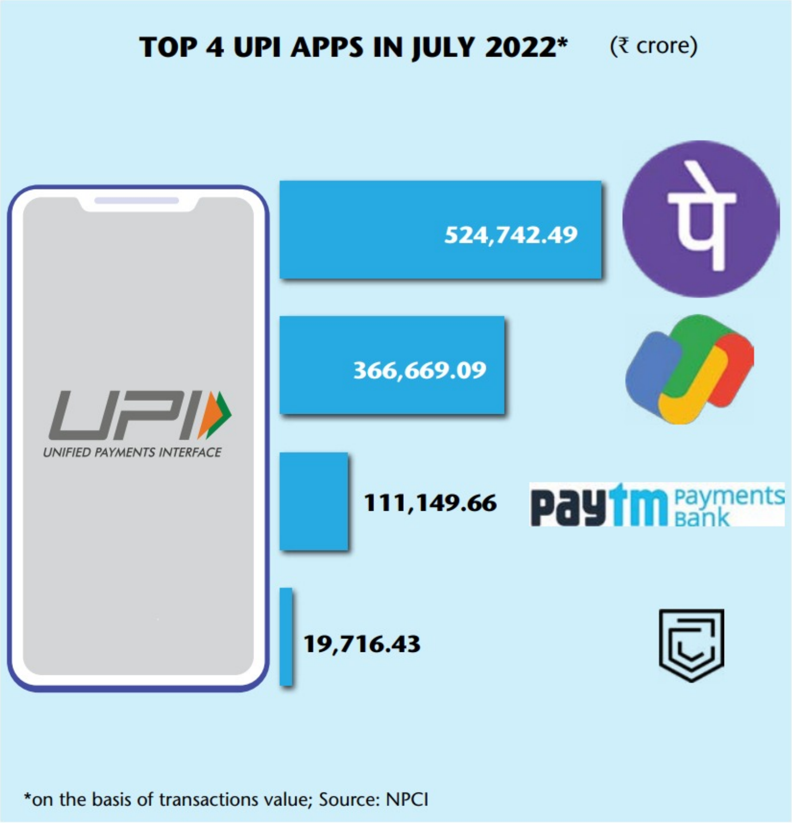
According to a Macquarie Securities report, UPI also commands the lion’s share in the volume of total retail payments made in the country. In FY22, around 60 per cent of the volume of India’s retail payments were done through UPI, according to the report.

Humble beginnings

In 2016, the UPI system was launched in India. Its goal was ambitious: a level playing field for small businesses and impoverished communities through re-imagined banking. In the midst of a global pandemic that has forced a socially distant lifestyle, UPI has never been more important nor more successful.

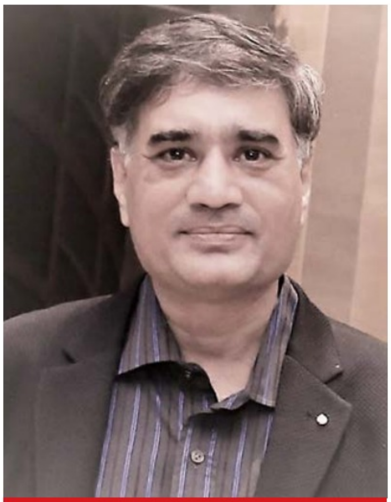
“UPI’s primary purpose was to become an online platform that would eliminate bureaucratic and socio-economic barriers to financial transactions. The goal was to allow anybody, from small kick-starter businesses to multinational banks, to have the same access to banking capabilities,” observes Pachisia pointing out that UPI creates a standard set of rules for everybody on the platform – all Indian banks have access.

Thus, smaller banks have the same opportunities to reach people as big ones. This goal is feasible due to UPI’s innovative techniques. With UPI, the party collecting money from



TOP 4 UPI APPS IN JULY 2022* (₹ crore)

*on the basis of transactions value; Source: NPCI



In addition to merchant payments, a majority of peer-to-peer transactions are also being done using UPI, which has also made sending and receiving money a breeze

SUNIL PACHISIA
Director, Pratibhuti Vinihit Ltd

an individual is decoupled from that individual's bank account. This allows third-party apps such as Google Pay, PhonePe and Amazon Pay to collect and administer transactions without excess burden on the customer.

UPI makes things even more consumer-friendly by eliminating the need to enter long bank account and routing numbers for transfers. A virtual payment address, a simple username akin to an email address, replaces detailed information. UPI enables people to transfer funds from one bank to another bank without requiring an account number, bank name, account type, IFSC or other similar online payment option. This new UPI payment model can use a smartphone as a virtual debit card. UPI has also made instant money sending and receiving possible.

"UPI allows even the petty business person to start accepting digital payments without the need for a POS machine in India, where payment infrastructure is poor for accepting digital payments. UPI has eliminated the need for transacting parties to know the complicated payment credentials, and hence, makes payments convenient and transparent for all parties involved. UPI operates on a safe, stable, and robust platform that includes numerous security features that make it more secure than any other payment system currently in use. Biometric authentication in UPI will not only make payments more reliable but will also mark a significant step forward in the integration of next-generation technology with current payment systems. UPI has the potential to be a major facilitator of financial inclusion in India, enabling a large portion of the population to engage in the digital economy," says Mahesh A and Ganesh Bhat in their paper on 'Digital Payment Service in India - A Case Study of Unified Payment Interface'.

Seismic changes

In fact, the fintech industry in India has witnessed seismic changes in terms of new-age innovations over the last few years. The new-age fintech companies have been at the forefront of redefining banking and financial services and making them accessible to a larger number of consumers. With the fintech adoption rate of 87 per cent, which is much higher than the global average of 64 per cent as per a recent industry report, the industry is not only contributing to India's larger economic landscape, but is also introducing continuous innovations to improve the overall customer experience.

The success of UPI is a classic example of how India's finance sector is leading the way in unparalleled innovations. "Today, UPI has emerged as the de facto payment method for millions of Indians across the country. In July, UPI recorded a new milestone by crossing the 6 billion transaction mark in the month. With favourable initiatives like the UPI 123Pay and credit on UPI, it is only going to continue to grow exponentially and may become the backbone of financial transactions across businesses and individuals," feels Suhail Sameer – CEO of BharatPe.

And this surge in usage is further demonstrated in the data too. In fact, the Ministry of Electronics and Information Technology (MeitY), Government of India is the torchbearer of digital payments in India and it is through concerted efforts of MeitY and the ministry of finance (MoF) that digital payment transactions have increased by multiple times in 4 years.

According to data released by the National Payments Corporation of India (NPCI), UPI recorded over 6.28 billion transactions in July 2022, a new record since the service was launched in July 2016. There has been a constant month-on-month increase in UPI transactions over the years and the number of transactions has nearly doubled since July 2021. In July 2021, the number of transactions recorded was 3.24 billion, which increased to 6.28 billion in July 2022. This means that over 200 million transactions were done each day in July 2022. There has been a healthy increase in the value of transactions as well. During July 2022, the total value of UPI transactions was over ₹10.62 lakh crore.

> UPI has witnessed an increasing market concentration. The market faces a risk as UPI is concentrated only with the top 3 players
>
> **SAURABH PURI**
> Chief Business Officer, Credit Cards, Zaggle

With digital payments penetrating the country, UPI transactions are setting record highs every month. UPI transactions are popular as they provide broad-based access to the banking system using facilities already present with customers – mobile phones; there is no need for a separate card or visit to a bank branch.

"UPI has been a game changer for the Indian payment ecosystem and we at CCAvenue strongly believe that UPI is the future of payments in India. We had launched UPI acceptance for businesses and have been offering P2M payments (customer to merchant) on UPI since 2016. The conventional UPI collect flow, allows bank account holders to transact using a Virtual Payment Address (VPA), without entering additional bank information," says Vishwas Patel, Director, Infibeam Avenues, a listed entity.

With significant growth in UPI transactions since its launch in April 2016 and a strong belief that UPI is the future of payments in India, CCAvenue.com has announced the availability of UPI payments through the app intent flow via UPI supported apps for its merchants. UPI app intent processes payments on native mobile applications using existing UPI supported apps like PhonePe, BHIM, and Tez, etc, installed on the customer's phone offering a quick and seamless payment experience. It also avoids the need to use multiple apps (merchant, SMS, UPI app) while making payments. Most UPI apps including BHIM, PhonePe, Tez, WhatsApp, etc and various UPI-enabled bank apps have added support for the app intent flow.

"The conventional collect flow is lengthy and could be tedious for the customer as it involves many background API calls and the delayed delivery of SMS notifications may also

SHOULD UPI BE CHARGEABLE, AND IF NOT, IS THE MODEL THEN SUSTAINABLE?

There should be absolutely no charges on UPI payments to either merchants or customers since doing this would slow down the adoption of digital payments. The other modes of digital payments like credit and debit cards have not witnessed widespread adoption among merchants due to the MDR charges involved in accepting payments through these modes. Banks currently save the cost of operations due to UPI transactions since the cost of mobile banking is far lower than branch banking. Further, banks and other UPI apps offer other value-added services on top of UPI, including but not limited to personal and merchant lending, insurance and bill payments, et al, through which they make money. Banks acquire transactions through these third-party apps (such as PhonePe and GPay). As per the UPI model, these apps are sponsored by at least three banks.

FINANCIAL INCLUSION

In fact, UPI transactions have contributed to the growth of the Indian economy through increased financial inclusion, improved direct tax compliance, and collection. Hence, it makes sense for the government to continue to subsidise UPI transactions since the cost incurred by the government by doing so is far less than the intangible benefits it brings to the Indian economy. The cost of cash is much higher than digital payments, and is saved due to the increased adoption of the same.

In India, there was a massive increase in GST collections even during Covid times. This was possible only due to continued digital payments to offline as well as online businesses. Hence, digital payments, particularly UPI, were responsible for increased GST collections.

So, to conclude, the subsidy borne by the government is a fraction of the increased collections in GST that it is able to gain. The subsidy on UPI is essentially not a cost to the government, but a means to bring financial inclusion, draw more people into the tax net, increase tax compliance and collection and further the digital economy in India.

Ultimately, the customer will be the winner with many more choices and benefits. At the same time, new entrants will also have an opportunity to scale

KUMAR SHEKHAR
VP - Member Operations, Tide India

SANJAY BORADE

The conventional UPI collect flow allows bank account holders to transact using a Virtual Payment Address (VPA), without entering additional bank information

VISHWAS PATEL
Director, Infibeam Avenues

leave the end customer with an unsatisfactory user experience. UPI app intent eases the payment process and improves the user experience considerably, making it lot smoother. Merchants will also stand to benefit a lot as it will reduce the probability of payment failures leading to higher conversion rates. So, it is quite reasonable to expect this platform will process 1 billion transactions a day in the next few years," adds Patel.

Concentration emerging

While this is a remarkable success story of 'Digital India' there is a risk of concentration that is emerging. Two apps – Walmart-owned PhonePe and Google's Google Pay – currently dominate the market of third-party UPI apps. Together they account for 82 per cent of the UPI transactions by volume (PhonePe with 47 per cent and Google Pay with a 35 per cent market share) and 84 per cent by the total value of transactions. These third-party app providers (TPAPs) are collectively on the verge of becoming a duopoly, leading to concentration and systemic risks with the possibility of a single point of failure.

In the UPI ecosystem, TPAPs ride on the compliances of sponsor banks. There is a total of 25 TPAPs, of which two alone account for more than eight out of every 10 transactions. For instance, the risk of a single point of failure remains elevated when two players (both of these TPAPs are big tech US companies with deep pockets and can afford to give unlimited cashbacks) dominate such a high volume of activity, resulting in disorderly services and disruption in services.

One will recall that the Reserve Bank of India (RBI) in a policy paper in January 2019 – Authorisation of New Retail Payment Systems – had flagged the dangers of concentration risk in retail payment systems, from a financial stability perspective. 'To foster innovation and competition, the Reserve Bank would encourage more players to participate in and promote pan-India payment platforms,' the RBI had stated in the policy paper.

'The possibility of single point of failure also makes the entity too big to fail. Absence of redundancy and fallback arrangements may impact continued availability,' states the RBI policy. Besides, inadequate competition results in complacency as there is no need for constant upgradation and innovation in products and processes for retaining customers, the RBI pointed out, recognising that these concentration risks can lead to many concerns.

"UPI has witnessed an increasing market concentration. The market faces a risk as UPI is concentrated only with the top 3 players," says Saurabh Puri, Chief Business Officer, Credit Cards, Zaggle, pointing out that to minimise concentration and risk, the NPCI came out with an SOP in March 2021. "This is in order to bring parity and reduce monopolisation and for the ecosystem to grow with more TPAPs and PSPs to capture the market. It's a good opportunity now for banks who had earlier missed out, by providing rich user experience and use cases which were provided by fintechs earlier to attract customers," adds Puri.

"Payment mode at any point should be a choice in the hands of the end customer. I see this as an opportunity for many new players and this will also lead to further product innovation and convenience. Ultimately, the customer will be the winner with many more choices and benefits. At the same time, new entrants will also have an opportunity to scale," says Kumar Shekhar**,** VP - Member Operations, Tide India.

"Things are unclear at this point of time. A period of 2 years was provided to adhere to the market cap guideline which started from 21 January. Abrupt adherence is not possible when this is currently more or less a duopoly. A more detailed approach will be required on how to execute market cap without impacting the end customer. Personally, I think the date might be extended until we have operational infrastructure in place to monitor, control and process this with no impact on the end customer," adds Shekhar.

According to Kunal Jhunjhunwala, founder and MD of Airpay: "The risks are similar to those of any other business. When a small number of players control a substantial market share, if any of them fail, the whole system collapses. A prime example of this is what transpired with PhonePe on the day Yes Bank went down. Yes Bank was the key partner for all fintechs regarding UPI payments. Yes Bank went down in the sense that the RBI suspended operations, resulting in complete chaos. So, concentration risks are always present. The greatest cause for concern is that none of the existing or largest market players is Indian; they are all foreign. Even more concerning is the fact that none of the Indian players has been able to create an impression."

'Price game'

There are other concerns too. Historically, it has been found that monopoly or duopoly market players operate in a certain sequence or process. To gain market majority, large players invest heavily through predatory pricing, giving deep discounts and cashbacks. Once monopoly is obtained then the largest player monetises, using its services to gain back its investments with heavy returns. This overall 'price game' stifles innovation and makes it challenging for smaller players to deliver services at such a low cost due to economies of scale for large players.

Such price-led market concentration can end up raising the entry barriers of Indian fintech start-ups to innovate and be part of the UPI ecosystem. In addition, monopolistic trends may negatively impact customers on charges, access, quality of service, etc.

In November 2020, the NPCI first officially announced that it will issue a cap of 30 per cent on transaction volume clocked by a player, starting in 2021. Players will have a period of two years starting in January 2021, to comply with the cap mandate in a phased manner, the NPCI had said.

By March 2021, the payments infrastructure provider set out operational guidelines for digital payment players to limit their share. It said that the market cap of 30 per cent would be solely calculated on the basis of total volume of transactions processed on UPI during the preceding three months by a player, on a rolling basis.

SANJAY BORADE

WhatsApp Pay's entry into UPI has been a matter of much industry concern

VIJAY SHEKHAR SHARMA
Founder, Paytm

Then, in an apparent move to minimise concentration and systemic risk, the NPCI came out with a detailed implementation standard operating procedure (SOP) in March 2021 stating that existing TPAPs, which command a market share of more than 30 per cent will be subject to the 'volume cap' stipulations after December 2022.

"The existing TPAPs, which are exceeding the volume cap will have a period of two years, ie from January 2021 until December 2022 to comply with the SOP in a phased manner and NPCI will review the same on a half-yearly basis starting from January 2022," states the NPCI which enables the country's digital payment and settlement systems.

"There is no choice but to consider this actively. They (NPCI) are wary of disrupting users and are, in effect, slowing down UPI growth," says the fintech company which adds: "NPCI fears market disruption for consumers at a time when TPAPs such as PhonePe and Google Pay still hold about 47 per cent and 34 per cent market share. New entrants like WhatsApp Pay, Paytm and Amazon Pay have still to break the dominance of the leaders and make a significant dent in the market in terms of cornering market share. Tata Digital is also among the new entrants on UPI".

With less than four months to go before the volume cap stipulations are scheduled to kick in, the government and the RBI should ensure they direct PhonePe and Google Pay to reduce their UPI market share to the prescribed limit at the end of the timelines. The NPCI must also review the progress of the two dominant players in the intervening four months in adhering to the 30 per cent market share, at frequent intervals. An email sent to Dilip Asbe, the MD & CEO of NPCI did not elicit any response on the matter till the time of going to press.

What can disrupt the market?

The most recent development of NPCI allowed Meta-owned WhatsApp to scale its user base to 100 million can disturb the market. WhatsApp Pay's entry into UPI has been a matter of much industry concern with Paytm founder Vijay Shekhar Sharma having kicked up a storm over the Facebook-owned firm's entry on the e-payment network way back in 2018. Since the approval in late April, WhatsApp Pay is offering cashbacks to existing users. In response to this (cashbacks and discounts) a representative for WhatsApp says the company is "running a campaign offering cashback incentives in a phased manner to our users as a way to unlock the potential of payments on WhatsApp; we will continue to drive awareness of payments on WhatsApp as part of our broader efforts to bring the next 500 million Indians onto the digital payments ecosystem".

"NPCI is encouraging new players

I am not worried about cutting back market share. If I am playing by all the rules of interoperability, there is little I can do to reduce market share

SAMEER NIGAM
Co-founder and CEO , PhonePe

and fintechs to enter the space. Banks can also now participate by creating better user experience to capture larger market share. However, NPCI and the regulator will have to work out the mechanism for executing the cap," adds Puri.

According to industry experts, the lack of merchant-payment use-cases such as bill payments is also one of the major reasons why the messaging service has not been able to make a big dent on the UPI landscape.

PhonePe co-founder and CEO Sameer Nigam has previously said that a cap on UPI market share is not a good idea. He said: "I am not worried about cutting back market share. If I am playing by all the rules of interoperability, there is little I can do to reduce market share. I would like to believe that this is now user preference starting to play out based on the success rate (of transactions) and acceptance."

At least one of the biggest UPI apps has told its key stakeholders that the market cap mandate is unlikely to be implemented at the end of 2022, and that it is therefore not slowing down on plans to expand its user base.

The onus to ensure that the 30 per cent rule is implemented lies as much with the payments players as with the NPCI. The review could gauge parameters such as slowdown in new user on-boarding and merchant acquisition, reduction in marketing expenditure, etc. "In case no progress is observed on the parameters, the NPCI could direct the players to stop user acquisition altogether, as is envisaged in the SOP," suggests a fintech player.

"Everyone is concerned about market share since it has been won based on cashback, and not good service or any other value or feature differentiator. Hence, anyone who enters the market needs to invest a lot of capital to gain meaningful market share. Also, with the new regulations and norms, it will become far more complex and less lucrative for any new entrant. Hence, I do not think there will be too many new entrants. Existing entrants such as Paytm are struggling to win market share from the likes of Google Pay, and PhonePe. There is no differentiator between the offerings beyond the amount of cashback you get per transaction," says Jhunjhunwala.

Not a hurdle

India can ill afford to upset the rapid march of digitalisation of payments by not plugging regulatory gaps on concentration and system risks. "It's a level playing field for all players. Any player with good customer experience and value proposition can capture the market, though it will require conviction. Hence market concentration is not acting as a hurdle but an opportunity to grow the market," adds Puri.

According to MeitY, digital payments have become the mode of choice of transactions for the man on the street and these gains should not be allowed to slip away due to duopoly of US companies in the UPI ecosystem. MeitY may intervene by directly monitoring the implementation of the steering committee decision, considering the significant risk to 'Digital India' driven by digital payments.

With favourable initiatives like the UPI 123Pay and credit on UPI, it is only going to continue to grow exponentially and may become the backbone of financial transactions across businesses and individuals

SUHAIL SAMEER
CEO, BharatPe

Fintech companies that specialise in digital lending have already teamed up with banks and NBFCs to address the credit gap that exists amongst the unbanked and the under-banked, and to support India's diverse socio-economic strata. These advancements will result in the steady growth of India's fintech ecosystem that will take the industry to the $150 billion mark by 2025.

Any systemic disruptions because only two players dominate the market may potentially, and quickly, cascade through the veins of India's economy, also cascading through the charming vegetable and other markets.

Lastly, RBI needs to take cognisance of the deliberate delays caused by the NPCI and issue the necessary directions to it, along with timelines. One should carefully scrutinise any eventual action the NCPI and RBI take, in the next 6 months, concerning this. ◆

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Involving outside board advisors

The need to raise the professionalism of boards prompts proliferation of advisors

Dr M. MUNEER

RALPH WARD

The increasing complexities of the business environment – whether caused by tectonic shifts in consumer attitudes, the pandemic, global trade barriers or political turmoil – are forcing enterprise boards to seek subject matter experts as external advisors to the board. An outside consultant or advisor will be beneficial to the 'grey hair' board in terms of specific knowledge that is not available within for the moment, especially as we have seen in recent times in the form of supply chain issues and employee welfare during the pandemic.

Such expert outside advisors can also act as arbitrators in conflict resolution amongst board members and counsel them with issues related to subject matter expertise. In addition, they can be a voice of the minority stakeholders without executive power.

The compulsion to raise the professionalism of boards in meeting the demands they face prompted the proliferation of such advisors and advisory services globally. The services include a lot of upgrading, including board recruiting and evaluation, board procedures, improved information and controls. Another element is also part of making boards into working corporate bodies – hiring outside advisors become essential from that perspective as well.

This is most often seen at the board committee level, with compensation committees hiring pay and benefits consultants, nomination/ governance committee tapping search firms and governance advisors, or audit and finance advisors. The full board can hire outside consultants, such as its own legal counsel on new acquisitions or mergers, or when a sticky legal matter arises. This not only expands the board's capabilities and professionalism, but also shows regulators, investors and hostile attorneys that it's doing a proactive and professional job of governance. But what are the dos and don'ts for boards contracting outside expertise/ advisory?

Authorisation is a first item, and is a must – If the board is not empowered to contract and pay for consultants, you've committed a legal no-no from the start. Language in the charter/ bylaws of the board as a whole, and for individual committees, should empower them to contract for outside advisors as they deem fit in performing their governance role. When the committee or board contracts for this advisory, the minutes should show discussion on why it is needed, with a formal resolution of approval. Though it may be too late at this stage, a smart corporation (or a board) will have researched a list of vetted sources for legal, pay, audit, banking, strategic, etc. advice in advance of the actual need.

Setting a specific budget for such outside advisor engagement likely won't work well – the expense for a simple legal opinion will be far different than the bill for a forensic fraud investigation. It is best to budget for overall board line item with some funding to expend as needed, and require a board resolution for big-ticket items. If you need to worry that your board could run up extravagant legal and consultant fees, then maybe it is time for a set of new directors.

The pros who work with boards as advisors and counsel say a needed next step for them is good direction on what is sought. Like a proper briefing covering a clear understanding on the scope of the engagement. What specific deliverables are sought? What is the budget (and is it hourly, a flat rate, or for a specific project)? Does the consultant have authority to talk with anyone in the company? Who will the advisor report to? A solid timeline for the engagement is also crucial. Set a completion deadline, but too often boards demand that the work be completed yesterday due to their own delays. Many times even we have had to turn down some assignments that demanded completion too quickly.

The typical process, especially for board legal work at larger corporations is for the board to contract through the corporate counsel. This can be important when seeking outside legal advice because it helps reinforce (though it won't assure) legal privilege. Generally, counsel will work with the board to identify someone who's independent and skilled. In the middle sector, the board or committee chair may take on the task of seeking and vetting a consultant. Whoever handles procurement, background research, reference checking, and review of similar engagements is vital for assurance.

Clarify the level of work quality needed, that the information is really digestible, and that more in-depth treatment will be available. Plopping a legal brief or audit report in front of directors without thoughtful explanation, Q&A and summary of key action items is not only a waste of money, but can bring its own legal dangers if urgent points are missed by the board. In some legally fraught engagements, a verbal report by the consultant (especially attorneys) is preferable to a written one.

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Free-for-all over freebies

Even as the debate reaches SC, not much may come out of it

Modi: slamming the revdi culture

When the Gujarat government presented a ₹2,43,965 crore surplus budget for 2022-23 in March this year – an increase of ₹16,936 crore over the previous year – Kanu Desai, the state's finance minister, invoked the name of Prime Minister Narendra Modi over a dozen times in his speech. It was the last budget for the ruling party, as the state is gearing up for assembly polls later this year. The budget had its share of freebies, which weren't as wide-ranging as freebies normally are, these days. They included free Wi-Fi in 4,000 villages, free monthly supply of 1 kg dal, 2 kg gram and 1 kg edible oil to pregnant women and lactating mothers for 1,000 days, one drum and two plastic baskets free of cost to farmers for multi-purpose uses and free textbooks to students of all castes studying in government schools.

Some freebies were aimed at the welfare of the bovine population. But they were freebies nevertheless. For instance, freebies for cattle by implication are meant to benefit their owners.

But that was five months ago. Had the Bharatiya Janata Party, which has been ruling Gujarat for three decades now, known that freebies would become such a big issue in the upcoming election, its state government would have perhaps loosened the budgetary purse strings further on this score. The Aam Aadmi Party (AAP), which could emerge as a serious player in the Gujarat election, is aggressively promoting its 'free health and education model' as a major plank. The campaign is reportedly resonating among a section of the electorate.

Revdis galore

While addressing a function in Uttar Pradesh, Modi used the Hindi heartland metaphor of revdi (a winter candy) to slam the culture of freebies being distributed before an election to garner votes. This has now triggered a nationwide debate. Since then, a host of BJP leaders led by Finance Minister Nirmala Sitharaman, have spoken out against the AAP, its chief Arvind Kejriwal, and the 'politics of freebies' being promoted by them. The development coincides with the Supreme Court hearing a petition filed by Ashwini Upadhyay, a Delhi BJP leader, who wants action against parties offering 'irrational freebies' before elections. Kejriwal, in turn, has retaliated by saying that "providing free healthcare and bus travel, education are not freebies but waiving loans of friends is." Mahua Moitra, the articulate Trinamool Congress MP, has also waded into the strife. Referring to Modi's remark in the run-up to the 2014 election that, if all the black money stashed abroad is brought back, each Indian could get ₹15 lakh, she told Sitharaman: "Err...Madam..I'll bet you ₹15 lakh you couldn't tell Modiji this to his face."

SC intervention

The top court has observed that freebies are a serious issue, because the economy is losing money due to them. The court has also asked a body of stakeholders such as the NITI Aayog, Finance Commission, Law Commission, RBI and political parties to examine the issues. But this has raised the larger question whether the legislature can be bypassed on such a far-reaching exercise. While a general concern about freebies pushing the economy to ruin seems reasonable, few will disagree that what constitutes freebies and what are legitimate measures to protect the vulnerable sections are essentially political questions for which a court of law may have no answer. There are suggestions as such that a solution should emerge from Parliament, the legislatures and political parties themselves.

Ashima Goyal, economist and member, RBI monetary policy committee, feels that, when parties offer schemes, they must be required to make the financing and such tradeoffs clear to voters. This would reduce the temptation towards competitive populism.

However, most political observers believe that it is unlikely that any political party will bother to explain the trade-offs involved in freebies. Indeed, even the former Chief Justice of India, N.V. Ramana, heading the bench hearing the petition filed in public interest against the distribution or promise of 'freebies' ahead of elections, made it clear that the court is not going to issue guidelines, but only ensure that suggestions are taken from stakeholders. All these institutions, he said, can submit a report to the Election Commission of India (ECI) and the government. It also asked the ECI to frame guidelines. But the ECI has washed its hands of the issue, arguing that, in the absence of a law, it cannot regulate promises by political parties to give out freebies if elected to power.

Nirmala Sitharaman
Finance Minister

- Bringing health and education to the discussion is a 'perverse twist', as no Indian government since Independence ever denied them
- And I'm not saying you should not do it. Do it but make sure you understand the financial level of your state, the fiscal strength of your state and having promised it during the election, you won, you come back, ensure that you fulfil it because you have given a word and how, by making sure that your budget will have a provision for it

In any case, what is going on is an exercise in repetition. The Supreme Court, in S. Subramaniam Balaji vs the government of Tamil Nadu (2013) has already addressed these questions of policy and law comprehensively. Further, it upheld the distribution of television sets or consumer goods on the ground that schemes targeted at women, farmers and the poorer sections were in furtherance of Directive Principles; and, as long as public funds were spent based on appropriations cleared by the legislature, they could neither be declared illegal, nor the promise of such items be termed a 'corrupt practice'. It had, however, directed the ECI to frame guidelines to regulate the content of manifestos. The ECI subsequently included in its Model Code of Conduct a stipulation that parties should avoid promises "that vitiate the purity of the election process or exert undue influence on the voters". It added that only promises which were possible to be fulfilled should be made and that manifestos should contain the rationale for a promised welfare measure and indicate the means of funding it. Any further step, such as distinguishing welfare measures from populist sops and pre-election inducements, or adding to the obligations of fiscal responsibility and fiscal prudence ought to come from the legislature.

Freebies battle in Gujarat

However, the court's concern over populist measures seems to resonate with the government too, as the solicitor-general submitted that these distorted the voter's informed decision-making; and that unregulated populism may lead to an economic disaster.

The real action is unfolding in Gujarat, where Kejriwal is on a spree to promise freebies, ahead of the state election due in December. Reactions from the BJP in Gujarat to these announcements betray a certain unease, if not overt nervousness. Gujarat BJP chief C.R. Patil has said people should not be misguided by freebies that could turn the state and eventually India into Sri Lanka, which has hurtled into an almost irreparable economic mess, due to sweeping tax cuts and irrationally free goods and services, from the government to its people, among other factors.

Ashima Goyal
Economist

- Freebies are never free... specially harmful are subsidies that distort prices.
- When parties offer schemes, they must be required to make the financing and such trade-offs clear to voters. This would reduce the temptation towards competitive populism

The AAP freebies include a monthly allowance of ₹1,000 for all women above 18. It has also offered a waiver on pending electricity bills issued before 31 December 2021, free power for agriculture and ₹3,000 monthly unemployment allowance to jobless youth.

Electoral dividends

But, while the BJP, from its Central leadership to top leaders in Gujarat, is speaking against freebies, the BJP is rightly worried because the AAP has milked rich electoral dividends from its freebies journey right from 2015, when Kejriwal first came to power (for 49 days) in Delhi. In the 2013 Delhi polls, the AAP's campaign's focus was to provide free (up to certain limits) electricity and water. The move resonated with the people. It resonated in 2015 too, when the AAP again swept to power. The party repeated its performance in Delhi in 2020 and went on to storm Punjab this year on the same planks.

Stalin: expenditure on education and health cannot be freebies

Some would argue Gujarat has a high per capita income and is a richly industrialised state and freebies may not have much appeal. But, then, Delhi and Punjab are also not Bihar either. Besides, Gujarat has its quotient of the poor and unemployed.

AAP's emergence

It's also not that the AAP will be jumping into Gujarat's fray without experience. The AAP fought the 2021 civic polls in Gujarat and gained at the Congress's expense. In Gandhinagar, Surat and Rajkot, the AAP got 21 per cent, 28 per cent and 17 per cent of votes, respectively. The AAP also took a similar civic poll route -- it contested and won the Chandigarh municipal election in 2021 -- before wresting Punjab from the Congress.

Worries are already building up within the state government. For instance, soon after Kejriwal assured Gujarat policemen agitating for pay revision that his party will revise their pay grade, if AAP comes to power, Harsh Sanghvi, the state home minister, said "an announcement on police pay grade will be made soon."

The Congress, which is the main Opposition in Gujarat, has also been put on the defensive. It has started rolling out promises, starting with a waiver on farm loans of up to ₹3 lakh, if voted to power. "The party will provide free electricity to farmers for 10 hours. Congress will come up with a law to protect the farmers' right to minimum support price even in the open market. Even when prices of agricultural produce crash in the open market and go below the MSP level, we'll keep up the loan waiver," said Jagdish Thakor, Gujarat Congress chief.

Congress also promised to give an MSP bonus to farmers. "They will get ₹5 per litre for contributing in milk production in co-operative dairies," said Thakor. The party also promised employment to the educated unemployed youth.

The AAP is the only party, after the BJP and the Congress, to have a majority government of its own in more than one state. This is thanks to its ability to rapidly eat into Congress votes. The AAP is only one state away from being recognised as a national party by the election commission. All this explains, in part, why the AAP has been aggressive in Gujarat. A good show, even if not a win, will help Kejriwal project himself as PM Modi's alternative, though he says he has no such ambitions. A string of state polls will come before 2024.

Battle hotting up

The dates for Gujarat's election have not been announced, but the AAP has started naming its candidates. Party leaders say the candidates for all 182 seats will be announced before the elections are announced.

Few state elections are as important as the one in Gujarat from where Modi hails. Not only that, Amit Shah, the second most powerful person in the Central government, is also from Gujarat. The BJP has ruled Gujarat for almost three decades, minus a brief break.

The last election did not prove as easy because of a quota agitation but its spearhead, Hardik Patel, is now with the BJP. And, Modi has been visiting his home state frequently, often inaugurating big-ticket infra projects, further popularising his Gujarat growth story. The BJP relies heavily on Modi's personal charisma, the party's Hindutva and nationalism appeal and an effective delivery of government schemes to their beneficiaries.

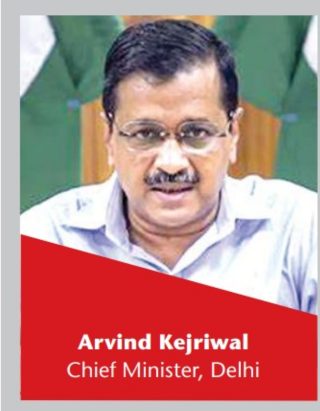
Kejriwal claims the BJP is rattled by the AAP's 'rapid growth' in Gujarat and wondered if it is planning to declare Amit Shah as its chief ministerial candidate. This, at best, might be the usual political hyperbole. On its part, the BJP has dismissed the AAP as a non-serious contender for power. But the BJP was equally dismissive of the AAP during the Delhi Assembly polls in 2020 too. But, irrespective of what happens in Gujarat, one thing is for sure: freebies are fast altering the political narrative.

Freebies vs welfare schemes

It is happening elsewhere too. M.K. Stalin, chief minister, Tamil Nadu, recently declared the expenditure incurred by any state government on education and health cannot be construed as freebies and stated that such measures were being extended to the poor and those living in the fringes only. He also took an apparent swipe at Modi for opposing freebies but said that he did not want to talk much about it as 'it will become politics'. In fact, the Supreme Court has said freebies and welfare schemes were different. "The expenditure on education and health cannot be freebies," Stalin asserted in an event in his Kolathur constituency. "Education is about knowledge, while medicine relates to health. This state government wants to implement adequate welfare schemes in both these sectors," he added.

His state has now filed a petition in the Supreme Court in the ongoing case about 'freebies', contending that the scope of the term is wide and 'there are a lot of aspects which need to be considered'. Tamil Nadu is one of the states where the use of freebies at election time has been traditional, cutting across party lines. Sometimes, even before the elections, clothes, food and household items have been distributed among the people, in violation of model code.

After elections, successive governments have provided heavy subsidies on food and other items. AIADMK's late Chief Minister J. Jayalalithaa was known for her 'Amma canteens', where a full meal can be had for a few rupees. Stalin's DMK, too, has introduced various welfare schemes for the people of Tamil Nadu, including rice at Re1 a kg, free distribution of colour television sets to poor households and free bus passes to women.



Arvind Kejriwal
Chief Minister, Delhi

- Ban on announcements before elections? Why? Providing facilities to the people for free will not cause an economic crisis. But there will be an economic crisis by giving free benefits of lakhs of crores of rupees to friends.
- Whether our children should get free/good education, whether every Indian should get good medical treatment for free or outstanding loan of those looting the bank be waived – the country should consider this

In its petition, DMK has argued that a welfare scheme introduced by a state government cannot be judged to be classified as a freebie. "The ruling government at the Centre giving tax holidays to foreign companies, waiver of bad loans of influential industrialists, granting crucial contracts to favoured conglomerates, etc, also have to be considered and cannot be left untouched," the petition read.

The petition also said that, in a welfare scheme, free services are introduced with intent to secure social order and economic justice under the Constitution's Article 38, 'to minimise the inequalities in income, status, facilities and opportunities'. AAP's petition filed in the court has arguments similar to the DMK.

No definition

The problem is that the existing legal or policy framework does not provide a precise definition for the term freebie. In simple terms, it refers to a public welfare measure – any good or service – that is offered free of cost by the government to its citizens. However, in the current context, it is being used as a political term by the Centre to express disapproval of certain state-level schemes.

Indian voters have been beneficiaries of free colour TVs, grinders, food grains, laptops, cycles, gold, washing machine, cows, sheep, cash transfers to farmers, health insurance and fertiliser subsidies. But it is hard to define which of these are vote-catching freebies and which are legitimate welfare measures. Tamil Nadu, home to the two big Dravidian parties, the DMK and the AIADMK, leads the pack of states, where freebies have come to stay. In 1982, when M.G. Ramachandran or MGR, the then chief minister, expanded the mid-day meal scheme for schoolchildren that was pioneered by K. Kamaraj in the late 1950s, he faced opposition from all quarters. The scheme drastically improved enrolment and attendance, while reducing absenteeism. About a decade later in 1995, it was rolled out nationwide by the Centre.

Similarly, the Centre's highly-popular PM KISAN scheme is modelled on the lines of Telangana's Rythu Bandhu scheme. These are just two of the many examples, where state-level welfare schemes once derided as freebies served as a template for the Central government to emulate.

Given the ambiguity, N.K. Singh, chairman, 15th Finance Commission, in a recent column said that there was a need to distinguish freebies from merit goods, expenditure which brings economic benefits, such as the public distribution system, employment guarantee schemes and states' support for education and health. Experts broadly agree that states should be free to decide on freebies, if it has the money. The problem arises when states dole out freebies, merit or non-merit, beyond their fiscal capabilities.

The freebie-land

Punjab, which spends over 13 per cent of its revenue expenditure on subsidies, is a classic case. As a percentage of GSDP, revenue receipts and own tax revenue, the outgo on Punjab's freebies in Budget 2022-23 is among the highest in India. But it happens to be among the most indebted states and its own tax revenue has been declining over time. Yet, the ruling AAP recently fulfilled its poll promise of providing free electricity to every household up to 300 units.

There are other issues as well. N.R. Bhanumurthy, vice-chancellor, Dr B.R. Ambedkar School of Economics, says that many states' policies are creating long-term debt sustainability issues. Perhaps an organisation like inter-state fiscal council is needed to monitor spending. There needs to be more discussion around public debt to GDP ratio. States and the Centre should bring out a debt paper every six months, he says.

Indeed, the debate on freebies also needs to be looked at from the perspective of income of states. With the Centre imposing more and more cesses, the share of tax revenue that the Centre gives to the states has dropped. The end of Centre's GST compensation payout has further reduced the headroom available with states for social sector expenditure. It isn't going to be easy to bell the freebies cat, either for the Centre or the states. ◆

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Showing sustainable growth

MMF
Excellence ...

PHOTOS: SAJAL BOSE

Vidyashankar: quality and focus defines success

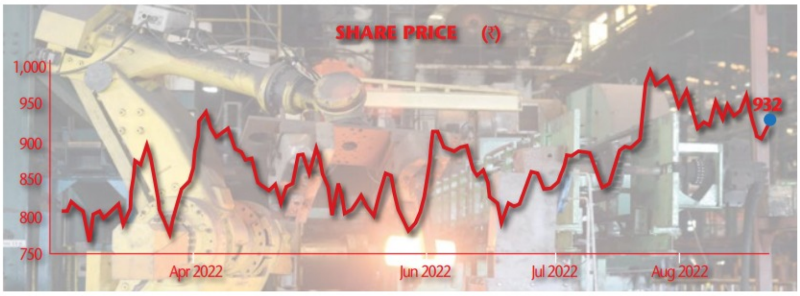
M M Forgings consolidates its position in the market, foraying into EV space

Forging is the backbone of manufacturing industries such as automotive, power, construction, mining, railways, etc, with 85 per cent of it used in automotive sector. Indian forging has been traditionally well-recognised globally for its technical capability and varied product range.

Over the years, forging in India has evolved from being labour-intensive to be a capital-intensive manufacturing sector. And, the Chennai-based M M Forgings Limited (MMFL), one of the oldest players in the segment, has always adopted itself to the changing market scenario and invested in capacity expansion and value addition. Now, intensive research for innovative products and services has begun to pay MMFL rich dividends.

"Our USP is to work closely with customer's need, offer consistent quality and seamless supply," says vice chairman and managing director, Vidyashankar Krishnan. His canny business sense has led MMFL to be the third largest forging player in the country with capacity to produce 110,000 mtpa after Bharat Forge (540,000 mtpa including overseas) and Ramkrishna Forgings (187,000 mtpa). MMFL's consolidated revenue in the last five years rose from ₹650 crore in 2018 to ₹1,153 crore in 2022. The share price hovering at ₹926 a piece on NSE with current market cap is ₹2,238 crore employing 4000 people.

As a part of its growth plan, MMFL is now ready to enter into EV parts manufacturing, in a joint venture. "In the next 7-10 years, the opportunity in EV space will go up manifold," says Vidyashankar. "And, we want to be part of this growth journey, using our engineering excellence in auto sector." However, he refuses to divulge the name of the joint partner-to-be, though the company is likely to announce the details soon. According to an industry source, the new company will make components like motors, controller and power trains for EVs – especially, the higher range motors to be used in two-, three- and four-wheelers. The source also confirms that MMFL



Core management team: Raman, Venkatakrishnan, Nagarajan, Santhanam and Subramaniam

will have a lion's share in the new joint venture. It will gradually ramp up the operation and plans to make full axle unit for EV later. Earlier, the company had formed a wholly-owned subsidiary, Suvarchas Vidyut, to produce electrical and electronic components and sub assemblies for industrial and auto motive applications.

M M Forgings began its journey as Madras Motor Limited in 1946, as an importer of Royal Enfield Motorcycles from the UK. It witnessed a boom in the automotive industry in India, as also the world over in the 1960s and the '70s, which prompted S.E. Krishnan, founding managing director and father of Vidyashankar, to foray into the forging business and set up its unit in 1974 at Singampunari near Madurai, with a capacity to make 780 million tonnes per annum. By the mid 1980s, the company's forging business expanded, with its capacity reaching 3,000 mtpa. The family's dealership business of Royal Enfield was later wound up and the promoter's stake in Enfield India diluted, to focus on the forging vertical in 1990. Subsequently, in 1991, the company launched a second forging plant at Viralimalai, Tamil Nadu, with a capacity of 3,000 mtpa.

IPO oversubscribed

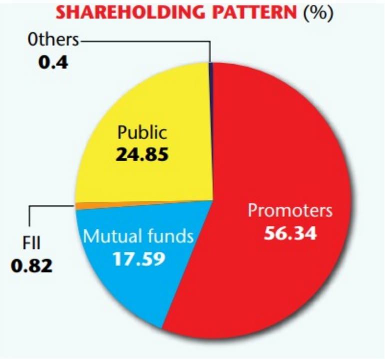
The company rechristened its name from Madras Motors to MM Forgings in 1993, as it went for stock exchange listing to raise funds in 1994. MMFL's major capacity addition at its Viralimalai plant to 12,000 mtpa was funded from this initial public offering. The goodwill of the company has helped the IPO to be oversubscribed by 17 times.

Vidyashankar had joined the company in 1990 as a trainee after completing his studies in engineering from IIT Madras. "In those days, many of my friends and cousins were going abroad for higher studies, but I bucked the trend and decided to join the family business and take the challenge to grow it further," he recalls.

He had to learn the nitty-gritties of the forging industry, before he was given the responsibility to plan and commission a major expansion at the Viralimalai plant in 1994-95. He also led the technical and production teams to guide their activities towards targeted high growth. "It was a tremendous learning for me and it probably defined what I am today," acknowledges Vidyashankar from his office in SVK Towers at Guindy, Chennai.

With his father in poor health, Vidyashankar managed the entire operation of the company under his guidance. When his father passed away in 1999, Vidyashankar took over as managing director of MMFL at the age of 34 years. He is at present the vice-chairman & managing director of the company, while his US-based younger brother Venkatramanan K is the joint managing director, responsible for the export activities of the company.

Now 56, Vidyashankar has contributed his mite to the organisation with passion and a single-minded devotion, to make it the best in the industry. With fresh capital infused, the zeal for growth has seen the single plant of 1974 grow into a giant organisation with a capacity to produce 110,000 mtpa from its 10 manufacturing facilities. The revenue of the company has grown many times after he took over the management control in 1999 -- from ₹50 crore to ₹1,150 crore today and growing.



According to the latest analyst report of B&K Securities, MMFL is gaining higher margins for supplying large components (front axle beams and crankshafts) from high tonnage press line. Further, the company has been spending towards building machining capacity (over 65 per cent of the planned capex in 2022-23 is towards machining) to enhance the share of higher margin machined components.

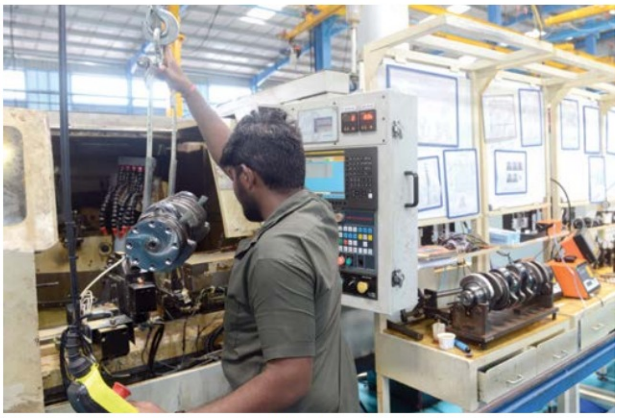
"We expect M M Forging to improve its performance, driven by the expected upcycle in domestic MHCV segment on revival in infra projects, economic recovery, last mile connectivity and replacement buying," the report states.

The guesstimated forging market size is ₹50,000 crore, growing at 12 per cent year on year. Based on the installed capacity, the forging units may be classified as very large (capacity above 75,000 mt), large (capacity of 30,000-75,000 mt), medium (capacity of 12,500-30,000 mt), small (capacity of 5,000-12,500 mt) and very small (capacity up to 5,000 mt). Only 8-10 per cent of total number of units is very large and large. The rest are small and medium sized units.

"The OEMs want to deal with large organised players for product and supply stability," explains Vidyashankar.

MMFL has a strong reputation in forging for quality and metallurgical integrity in domestic, as also export market. It makes steel forgings in raw, semi-machined and fully machined stages

MMFL plants maintain stringent quality parameters



The machining line operates with micron level accuracy

in various grades of carbon, alloy and stainless steels. It has a wide variety of production lines, spread across its manufacturing locations. The company leads in making closed die hot forgings. Its forging lines are equipped with state-of-the-art billet temperature control mechanisms.

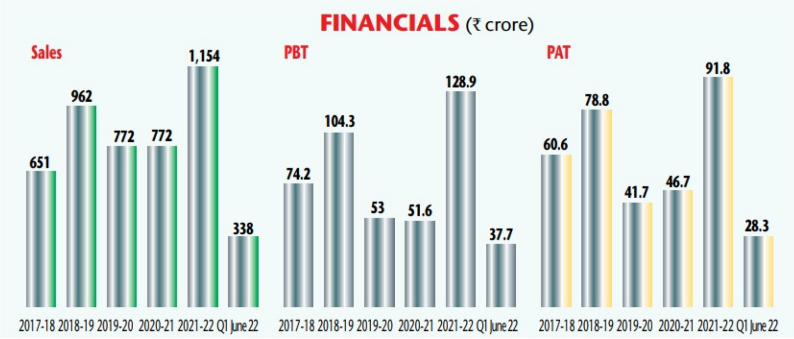
The mechanical forging presses of 1,600-8,000 tonne capacity forms the backbone of MMFL's manufacturing capability. The company produces a wide variety of components in the weight range of 100 gm to 120 kg for commercial vehicles, passenger cars, off highway, high-pressure valves for oil and natural gas, agricultural and engineering equipment. Front axle beam, knuckle, universal joint cross, steering arm, upper arm shaft, connecting rod, sprocket, flang housing, rail forging and crankshaft are among the products rolled out from the company's units, which meets the stringent quality parameters.

Competitive pricing

"Engineering is our basic strength," says Krishnakumar Raman, president, operations. "Our process engineering with competitive pricing defines our success". As much as 75 per cent of the company's production goes to commercial vehicles manufacturers, 13 per cent to passenger vehicles and the balance to non-auto segments like agricultural, mining etc.

Ashok Leyland, Daimler, Escorts, Fuso, Hero, Isuzu, Tata Motors, Maruti Suzuki, Mahindra, Volvo, Renault, Mitsubishi Electric, Tafe and SML Isuzu Sonalika are among some coveted customers of MMFL. About 50 per cent company's revenue comes from export to the US, Canada, the EU, South America, Singapore and Indonesia.

"Today, the new business opportunity in export market is a challenge due to short supply of semi-conductor chip for automakers and stiff hike in ocean freight charges," explains Ramnath Nagarajan, president, marketing. "But, things are improving gradually. At the moment our focus is more on the Indian market, which is poised to witness a robust turnaround". The domestic commercial vehicle production, which peaked in 2018-19 at 444,000 units, has tapered to 234,000 units in 2019-20; 161,000 in 2020-21 and 241,000 in 2021-22. In 2022-23, its production is expected to grow at least to 400,000 units.



OEMs in Europe will continue to depend on Indian forging, because it is hazardous and labour-intensive. The labour cost in India is one-tenth of what it is in the developed countries. Talking about EVs, Nagarajan says there will be rapid transformation from IC engines to EVs in the passenger cars. But, for commercial vehicles, it will not be so simple. He believes the transformation is expected to take more than a decade now.

"I know M M Forgings since the days I was working with Ashok Leyland," says Vivek Agarwal, now head, sourcing & logistics, Royal Enfield, one of the oldest two-wheeler companies in India. It is known for quality and innovation in the segment and has the ability to meet even the most stringent parameters of the customers". Although M M Forgings is conservative in its approach, the company has expanded its portfolios, including two-wheeler forging. It is a strong contender for our regular forging component's supply line, adds Agarwal.

All plants are equipped with independent designs; and the development team, with advanced software for die designs. "We are a one-stop-shop for forgings' needs," says Vidyashankar. An exclusive R&D centre provides focus on improvement activities and customisation. The company spends 1 per cent of its revenue on R&D.

The mainstay of MMFL is its four

Technology upgradation is a continuous process

forging plants (in Tamil Nadu) and the six machining units (in UP, Uttarakhand and Tamil Nadu). MMFL has also invested in 2 MW of solar and 22 MW of wind power generations in Tamil Nadu. "Our total power consumption is about 50 MW, part of which is adjusted against our own renewable generation," says R. Venkatakrishnan, CFO.

Trichy in Tamil Nadu is where the flagship plant of the company is located. "We produce 60 per cent of our forgings from the two units in Trichy," informs Raman. "Both the units, forging and heavy forging, have the capacity to produce 70,000 mtpa".

About 80 per cent of the cost of production for forging is steel. MMFL buys different types and grades of steel – carbon steel, chromium steel, brown steel micro-light steel, stainless steel and high alloys steel – for its forging components. "At any point of time, we keep 15 days' inventory," says M.R. Santhanam, head, purchase. The post production scrap in forgings is sold to local foundry.

The machine shop in Trichy – started in 2012 – produces components only for automotive sector. Nearly 70 per cent machining requirements come from its own forging production adjacent to machining unit and the rest is from their Madurai and Chennai units. Forging machining is a precision manufacturing method that involves cleaning up a metal part to the precise dimensions after the forging process. After a component comes out of the forging operation, it is rough and loosely formed. It needs specific dimensions and shapes by scrapping, grinding, and milling turning it suitable for specific application.

This modern machining plant operates with micron level accuracy. The machine shop is capable to handle from 100 grams to 120 kg to make it a finishing component. Today demand for ready components is need of the hour so MMFL has been gradually increasing machining capacity as part of value addition and forward integration.

A one stop solution

The company is adding another machine shop at Trichy, adjacent to its existing unit for crankshaft. "We have already purchased the land and the unit is expected to start by the third quarter of this fiscal," says Raman. The investment would be about ₹100 crore, to produce 180,000 pieces of crankshaft per annum for CV and it will generate employment opportunity for 250 people. "We have changed ourselves from being a simple forging manufacturer to a component supplier. We are a one stop solution for our customers," claims Vidyashankar. All units of the company focus on safe working atmosphere, constantly evolving systems for recognition and reward, consistent communication and imparting skill and training.

DVS Industries, a wholly-owned subsidiary of MMFL, which it acquired in 2018, is a specialist in crankshaft machining and is located in Pant Nagar, Uttarakhand. DVS has the capacity to do 30,000 crankshafts a month for commercial vehicles and tractor industry. The range of crankshafts starts from two cylinders and can go up to six cylinders. The unit has achieved a turnover of ₹66 crore.

Similarly, it took over Cafoma Autoparts for ₹33 crore in 2021. This has increased the company's crankshafts machining capacity. "The company enjoys a significant presence in both domestic and export market backed by strong engineering excellence. Nowadays OEMs want more than one source of supply for their forgings requirement as no one wants to be dependent on Bharat Forge alone. M M Forgings is their right pick," says a senior analyst tracking the sector closely, spoken on the condition of anonymity. MMFL has been consistently demonstrating good performance and healthier corporate governance. It is a preferred forging company among the investment community, he adds.

"M M Forgings is one of the oldest companies in the country, specialised in higher capacity forging and backed by new age technology," observes Deven Doshi, director, Echjay Industries, a forging manufacturer and competitor, based in Gujarat. "The company keeps the cost under control and earn healthy margin."

MMFL has reported consolidated annual sales of ₹1,153.86 crore in March 2022, as against ₹771.62 crore in March 2021. Its profit after tax has risen to ₹91.75 crore in 2022, from ₹46.71 crore in March 2021. For the three months ended in June 2022, the company has achieved revenues of ₹338 crore, as against ₹322.37 crore for the corresponding period in the previous year. The net profit till June 2022 is ₹28.32 crore, against ₹11.42 crore in the last quarter ended in March 2022.

"We have moved up the business through efficiency, capacity enhancement, acquisitions and a great deal of emphasis on the customers need," says Venkatakrishnan. "In the last three years, we have invested ₹350 crore funded through internal accruals and bank finance." Our strong presence in overseas market has given us edge in the competition, adds Venkatakrishnan. The company has set a target to achieve ₹2,500 crore in next three years.

Two generations' careful crafting has resulted in MMFL's success. It is now interesting to see how the company would explore the new avenues efficiently, with its top-down focus and take the business to next level. ◆

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On a faster trajectory

Pinnacle Industries is betting big on the growing EV space

Mehta: We are unleashing an array of innovations

Automotive components manufacturer Pinnacle Industries (PIL), which makes seating and interior systems for commercial vehicles, has recently entered the electric mobility space where it will manufacture electric buses and light commercial vehicles (e-mini trucks). Incorporated in 1996, the Pune-based company, which also caters to specialty vehicles (all variants of ambulances including specialty healthcare vans and mobile clinics), is planning to invest around ₹2,000 crore in the next five years to create a strong footprint in the rapidly-growing EV space. PIL is one of the only commercial vehicle manufacturers approved under the Champion OEM Scheme and EV component manufacturing scheme of the Government of India's Auto PLI policy.

The ₹500-crore PIL offers end-to-end (design to manufacturing) seating and interior solutions for commercial OEMs (across the ICE and EV space) like Ashok Leyland, Tata, Mahindra, Mercedes-Benz, Force Motors, Volvo, Daimler and SML Isuzu. These OEMs are also supplied to countries like the UK, UAE, Italy and the Netherlands. The company has recently also forayed into railway seating systems where it specialises in the design, engineering, and manufacture of fully certified rail seating which meets European standards when it comes to safety and comfort.

PIL is India's largest convertor of ambulances and medical application vehicles. Backed by around 2,500 employees, the company has the capacity to convert 10,000 vehicles annually across its six state-of-the-art manufacturing facilities (60 acres) in Pithampur, MP and Pune. Across these facilities, it also manufactures over 25,000 components per day with a growing share of EV components, including sheet metal and tubular pipe components, body parts, seats and battery packs for electric two and three-wheelers.

"Over the years, we have built up our capabilities which allow us to work with Indian and global OEMs. We have continuously invested in and expanded our technology partnerships, manufacturing systems, product range and clientele to emerge as India's largest commercial vehicle, bus seating and interiors company. Having put up the largest engineering and development team focused on commercial vehicle seating and interiors, we are now evaluating other emerging areas, including the EV space," says Sudhir Mehta, 53, chairman & managing director, Pinnacle Industries Ltd.

European partnership

PIL has set up a separate subsidiary, Pinnacle Mobility Solutions (brand: EKA) for its EV business. It is currently in the process of setting up the relevant infrastructure and manufacturing facilities. Pinnacle has entered into a 74:26 partnership with one of Europe's largest family-owned enterprises – VDL Groep – to cater to this growing demand. The company will set up a 5,000-unit electric bus manufacturing facility in Pithampur near Indore and a 15,000-unit plant for e-mini vehicles in the 1-2 tonne space in Pune. Once fully operational, the new EV business in FY24 is likely to add ₹1,000 crore to PIL's top line, even as the overall Group level turnover is expected to touch around ₹2,000 crore during the period. PIL is likely to end the current fiscal year at around ₹800 crore.

The company's EV unit has already developed two buses (9 and 12 metres for the 32-60-seater category). It has recently received the CMVR certification for its nine-metre pure electric, zero-emission bus, EKA E9, from the Automotive Research Association of India (ARAI).

PIL is India's only integrated commercial vehicle seating & interiors company

PIL is planning to invest around ₹300 crore in the current fiscal year to put up its new EV bus facility as also an R&D facility for the EV segment. The Pithampur manufacturing unit will be operationalised in the next 4-8 months. In the first phase, by June 2023, it will be in a position to make 500 buses per month which, later on in phase II, will be expanded to 1,000 buses.

The company has plans to deploy nine-metre and 13-metre city buses through government tenders. However, it is supplying its first 100 buses to the private sector. This includes a combination of staff and school bus transport. By Q1FY24, the company is also looking to export 15 per cent of it production to Africa and other Asian markets, even as it plans to raise this to 30 per cent by the end of FY24.

At EKA, the company is reinventing the design philosophy and manufacturing of electric commercial vehicles by developing sharable technologies, to democratise EVs with best-in-class TCO (total cost of ownership) solutions and a sustainable ecosystem. EKA will design, manufacture, and supply a complete range of Electric Vehicles, Fuel Cell Electric vehicles, and alternative fuel vehicles. The brand will also house components assembly and manufacturing, EV traction systems as well as EV energy and storage systems, going forward.

This year, the company will also introduce its smart lean factory concept to localise the supply chain by providing the design and framework of these factories, along with processes and systems that enable them to perform. This will reduce inventory and infrastructure costs, and optimise logistics. EKA's decentralised manufacturing concept will have a smaller footprint and may be deployed in existing facilities. By the end of this year, the company will also be ready with its fleet management system.

"Our foray into the EV space is a massive opportunity. We have put up the required team for making this a big success story. We are unleashing an array of innovations, such as mobility-as-a-service, new energy vehicles, advanced battery technology, profitable last-mile delivery vehicles, in-house vehicle control software solutions, vehicle and battery recycling, modular vehicle platforms and components, and so on. We have created a new ecosystem of technology, manufacturing and distribution of electric commercial vehicles. This know-how and other resources will be shared in a democratised manner to further optimise costs and increase the viability of EVs. Our vision is to become a global volume leader in commercial EVs," says Mehta, who has been a serial entrepreneur.

The Force factor

Mehta has started and successfully led several ventures. He was instrumental in bringing German truck major MAN to India by forging its JV with the Abhay Firodia-led Force Motors. He led MAN Force Trucks Pvt Ltd as its managing director between 2002 and 2012. Mehta, who is also the son-in-law of Firodia (he is married to Firodia's daughter Sunanda Firodia) was one of the directors on the Force Motors Board till he resigned in February this year. His wife is also currently involved in the business as one of the directors of Pinnacle Industries, while his son Arihant, 20 and daughter Ritika, 25 have also joined the business. Arihant is the president at PIL, leading its new business development, HR, operations, marketing, sales, and CSR, whereas Ritika is director at one of the Group companies Instor by Kider (India) which is India's largest manufacturer of retail, warehouse and industrial fixtures.

Instor by Kider supplies units and racks to clients, including businesses with a single location to 3,000+ chain of stores. Some of its clients include D-Mart, Star Bazaar, LuLu, Decathlon, Hypercity, Patanjali, Aditya Birla Group, Wellness Forever, Trent, Westside and Crossword. Instor was established in India by Spanish firm Core Retail Furniture during 2011. However, in 2014 it was acquired by the Sudhir Mehta-led consortium of investors.

PIL has been quite aggressive in building up its capabilities through partnerships and collaborations. Recently, Pinnacle Mobility entered into a partnership with NuPort Robotics to introduce Level 2 autonomy, advanced driver assistance systems, to their electric bus models. This is a

PIL is India's largest convertor of ambulances

The company offers end-to-end solutions

first-of-its-kind initiative towards the utilisation and incorporation of progressive Level 2 autonomy and Artificial Intelligence (AI) for electric buses on Indian roads. NuPort Robotics, a Canadian company, recently announced its plans to set up operations here and fully develop and deploy its technology in India for commercial vehicle manufacturers, beginning with electric vehicle manufacturers.

"Our partnership with NuPort ensures that our electric buses are not only environmentally friendly but also futuristic through the incorporation of Artificial Intelligence thereby making our buses efficient and safe to operate on Indian roads. This collaboration strengthens our goal of positioning EKA as the leader in the electric vehicle industry in India. I am confident both EKA and NuPort will provide safer, greener and more efficient transport for Indian roads," says Mehta.

In 2016, PIL inked a partnership with the VDL Group of the Netherlands to form a JV, VDL Pinnacle Engineering India. The VDL group is Europe's leading electric bus, truck, and coachmaker and a global conglomerate with 105 companies spread across 20 countries with over 15,000 employees. The JV provides solutions for production systems in automotives and the general industry; robotic and manual tooling for body-in-white (BIW) weld shops for passenger and commercial vehicles; design and making of bus body tooling; design and setup of smart and lean factories with minimum footprint and flexible tooling as also design and supply of optimised final assembly lines for buses and LCVs.

PIL has also partnered with Cityflo, Mumbai's app-based commute company, to design, develop and manufacture the seating and interiors of their new proprietary bus. This is a first-of-its-kind bus design built specifically for urban Indian commuters. Cityflo aims to add 1,500 of these new buses, which will service 100,000 customers, in the next two years.

The design and manufacturing process for the Cityflo bus took almost two years to complete. Based on exhaustive customer research within the Cityflo customer base, the bus was built with various iterations to meet the required standards and expectations, using the Bharat Benz chassis.

Enhanced transportation

Speaking on the partnership, Arihant Mehta, President, PIL says: "Our partnership with Cityflo ensures the best comfort for passenger commute. This collaboration strengthens our goal of positioning Pinnacle Industries as the leader in the commercial mobility space. I am confident that both Pinnacle and Cityflo will provide more enhanced transportation for Indian roads."

"Our partnership with Pinnacle Industries was instrumental in designing a customer experience that was truly unique to the Cityflo customer. With their expertise in developing automotive interiors and seating systems, Pinnacle provided us with the best resources in designing, prototyping and manufacturing, based on our brief. Our collaboration with them carries on as we continue to test and improve our interiors," states Vipin Joe, Creative Head, Cityflo.

The electric vehicle industry in India is picking up pace with 100 per cent FDI possible, new manufacturing hubs and an increased push to improving charging infrastructure. Government subsidies and policy favouring deeper discounts for Indian-made electric two-wheelers as well as a boost for localised ACC battery storage production are other growth drivers for the Indian EV industry. Moreover, in September 2021, a production-linked incentive scheme for the automotive sector was approved by the cabinet to boost the manufacturing of electric vehicles and hydrogen fuel cell vehicles. India reported sales of over 300,000 EV units in 2021. According to an independent study by CEEW Centre for Energy Finance (CEEW-CEF), the EV market in India will be a $206 billion opportunity by 2030 if the country maintains steady progress in meeting its ambitious 2030 target. This will require a cumulative investment of over $180 billion in vehicle production and charging infrastructure.

With all these developments in place, PIL is looking to position itself strongly in the electric vehicle space. The company has been in the automotive sector for more than 25 years now, making components and providing seating and interior solutions to large Indian and global commercial vehicle OEMs. It has been able to expand by entering into strategic partnerships with global players like VDL. Moreover, its existing business has got the right synergy with its EV foray where it will be able to share its existing infrastructure and resources. ◆

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Pradeep, Ravi, Devender and Lalit: applying innovative technologies

Think global, act local

Signature Global is betting on the micro market in value homes redefining affordable

Those who dare to dream and disrupt help realise the dreams of others in society and the nation! This is a uniquely compelling saga of newcomers, who entered the affordable housing business with absolutely no track record, but still made their mark in less than a decade. Their success helped them in their mission to make people own affordable homes and stamp their signature successfully on the sands of time!

Circa 2014, Pradeep Kumar Aggarwal (now founder chairman) and his younger brothers Lalit Kumar Aggarwal, Ravi Aggarwal and Devender Aggarwal commenced operations through their subsidiary, Signature Builders Private Limited, with the launch of their Solera project on 6.13 acres of land in Gurugram, Haryana. Earlier, the Aggarwal brothers were engaged in the arbitrage business in the stock markets. But, when the Haryana government announced its affordable housing policy focused on affordable and mid-segment housing, the Aggarwal brothers took up the gauntlet as they felt this was similar to their arbitrage business.

Since inception, Signature Global focused on government policies supporting affordable housing, specifically the Affordable Housing Policy, 2013 of the Town and Country Planning Department, Government of Haryana (AHP) and the DeenDayal Jan AwasYojana (DDJAY - APHP).

"We were able to market and sell projects within a specified price range which is more feasible to our customer base by optimising the size of our residential units; and by applying innovative construction technologies and efficient designs that result in cost savings," reflects Pradeep Kumar, the chairman of Signature Global.

The AHP permits for greater density, which enables Signature Global to build smaller unit sizes leading to improved saleability. In addition, lower regulatory costs with waiver of licence fee and infrastructural development charges for developers coupled with higher floor area ratio (FAR) for residential development and commercial development, are some of the other benefits available under the AHP. "In our experience, these benefits have made it viable for us to offer projects at affordable prices at premium locations while remaining profitable," says Pradeep.

Value housing

In order to decide on the particular location, design and specification for their residential projects, the Signature Global team analysed various qualitative and quantitative data. They considered a number of factors, including the target population in the target. The type of development was determined accordingly. Pradeep re-emphasises: "The amenities associated with our residential accommodation are designed to meet the aspirations of a segment that is underserved in terms of amenities and housing options within the price range, and as such, our products are seen more as 'value housing' rather than 'affordable housing'. So, we provide value homes with attractive designs and amenities. We proactively seek to enhance the value of projects by engaging renowned architects such as Hafeez Contractor."

Projects under the AHP, typically priced below ₹30 lakh per unit, include amenities such as recreational areas, gardens, open spaces and community halls. Projects under the DDJAY-APHP, typically priced between ₹40 lakh and ₹80 lakh per unit, provide facilities including gymnasiums, recreational spaces, entertainment centres, swimming pools and sporting facilities. Today, most of Signature Global's projects are located in Gurugram and Sohna in Haryana, and almost all of them are being undertaken under the AHP or the DDJAY-APHP. It was the largest real estate developer under the AHP in the Gurugram and Sohna region (as of 31 March, 2022, with a market share of 23 per cent in the period 2019 to 2021). They were also the largest real estate developer under the DDJAY-APHP in the region, with a market share of 49 per cent in 2019 to 2021.

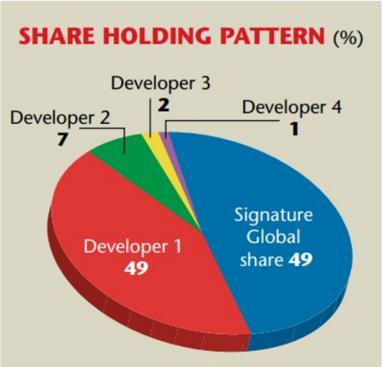
The company sold 23,453 residential and commercial units (as of March 2022), with an aggregate saleable area of 14.59 million sq ft. Its sales (net of cancellation) have grown at a compounded annual growth rate of 142.62 per cent, from ₹440.01 crore in Fiscal 2020 to ₹2,590.04 crore in Fiscal 2022. As of March 2022, it sold 21,478 residential units with an average selling price of ₹28.1 lakh per unit.

Between Fiscal 2020 and 2022, of the 10 projects that Signature Global launched, eight witnessed an oversubscription at launch. Its project Millennia4, launched in January 2022, witnessed complete subscription of the 814 units on offer within 24 hours of launch while Imperial, launched in March 2022, witnessed subscription of all 1,141 units on offer within 12 hours of launch. For projects that it launched under the DDJAY-APHP in Gurugram and Sohna, it was able to sell 52.38 per cent of the inventory within six months. As of 31 March, 2022, Signature Global had completed an aggregate developable area of 4.08 million sq ft in completed projects and an additional 0.55 million sq ft in ongoing projects, comprising 6,282 residential units and 566 commercial units.

Kathuria: strong balance sheet

Developing Delhi-NCR

In the National Capital Region (NCR) of Delhi, it is the largest real estate developer focused on affordable and mid-segment housing between 2019 and 2021. As per an Anarock report, the company's market share is 19 per cent. With a population of more than 46 million and spread over 53,000 sq km, the urban agglomeration of Delhi NCR has witnessed urbanisation levels of around 62 per cent. Delhi NCR is considered to be among the top two markets in India. Around 99,534 units were launched in the affordable and mid-segment in Delhi NCR between 2017 and 2021. Gurugram was the key contributor, accounting for 41 per cent between 2017 and 2021. The absorption level in Delhi NCR in the affordable and mid-segment cumulatively for the last five years stood at 158,916 units, against a supply of 99,534 units. The cumulative units launched in the last three years, from 2019 to 2021 period based on monetary terms in NCR is ₹591,000 million, with Gurugram having a share of 63 per cent – the highest amongst all regions.



Source: Anarock Research 2022

Says Joint MD Devender Aggarwal: "We aspire to continue to focus on the affordable and mid-segment housing in Delhi-NCR. We shall further consolidate our leadership position in Gurugram and expand selectively in micro-markets within Delhi NCR. We will selectively acquire land to ensure efficient utilisation of capital and enter into collaboration agreements to further grow our operations. We want to focus on growth with cost and price optimisation."

The key growth drivers for Gurugram include strong economic setup of corporates. Development in Gurugram accelerated with the development of NH-48 in 2008. It was followed by other prominent infrastructure initiatives like Delhi metro extension, Rapid Metro, Signal free corridor in Golf Course Road and Cybercity, and the Kundali Manesar Palwal Expressway.

The NCR currently has air connectivity through the Indira Gandhi International Airport, which is located on the border of Gurugram, which has further boosted the development in the region. With the Haryana portion of the Delhi-Mumbai industrial corridor and the Sohna elevated road likely to be finished by next year (2023), it is estimated that the real estate sector will see a major development as these projects improve access, create jobs and allow people to move with ease. The micro market will get excellent connectivity with the corporate hub of Gurugram, reputed educational institutions and recreational developments in and around the city.

"We have adopted an integrated real estate development model, with in-house capabilities and resources to execute projects from inception to completion which enables us to offer projects at competitive prices," says Ravi Aggarwal, MD, Signature Global. "Among our core strengths is our ability to efficiently turnaround projects. We have typically launched projects within 18 months from the date of land acquisition. Our high asset turnover has enabled us to generate positive cash flows in a relatively short period to support further developments," adds Ravi. It has developed extensive in-house capabilities right from identification of land, conceptualisation of the project, to execution of the project involving planning, obtaining regulatory approvals, designing, marketing and sales, and delivery. The group has an extensive distribution network focused on target customer segments with 484 channel partners and an in-house team of 43 employees engaged in direct sales and 96 for indirect sales, as of 31 March, 2022.

Tech edge

Signature Global incorporates technology in all its operations. "Our customer relationship management system from salesforce, broker portals, human resources, social media channels, customer mobile application, financials and management information systems and in-house sales are all integrated over a common platform," says Pradeep who has implemented an advanced ERP platform, SAP that has further strengthened internal processes apart from an automated sales booking system and tools for pre- and post-sales management.

Signature Global's AHP projects are sold exclusively through digital channels, as mandated by the Directorate of Town and Country Planning, Haryana (DTCP) and since January 2022, its entire project inventory under AHP projects is being exclusively sold online, including on the government website. Since 2014, prior to the mandate by the DTCP, it was selling inventory through its website www.signatureglobal.in.

In order to further strengthen the brand, Signature Global engaged celebrity brand ambassadors for various campaigns from time to time. In addition, actress Vidya Balan, is its brand ambassador and has been associated with the brand for over five years. In its advertisement and promotional campaigns, it has been communicating the mission "HarPariwarEkGhar" under which it has run campaigns like 'ApnaGharTohApna Hi Hota Hai', 'ApneGharPeKaisa Lockdown', 'Kiraye Se Azaadi', 'Diwali ApneGharWali' and 'Smart Decision'.

It also ran project-specific campaigns like the 'Independent Floors for the Independent You' campaign in 2020 to promote its newly launched 'Independent Premium Floors' project, which highlighted various age groups, genders and ideologies. In addition, its August 2021 campaign 'Life at Signature Global' showcased the benefits of living in a gated community.

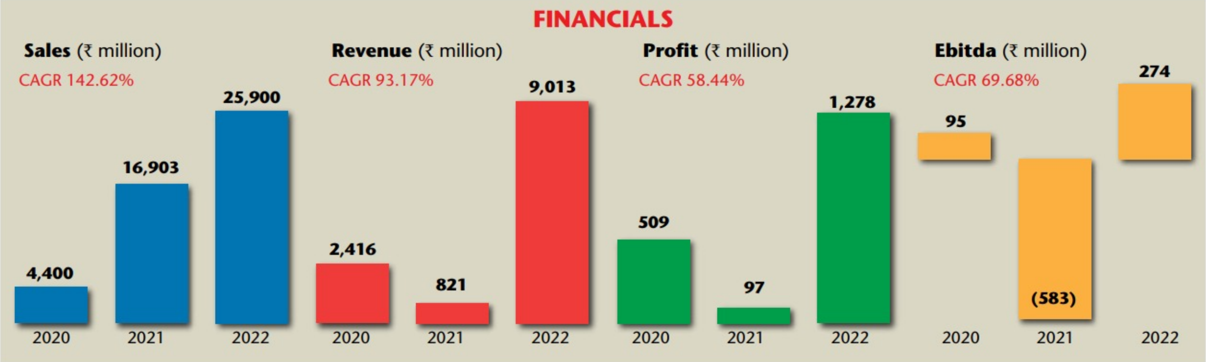
Signature Global undertakes sales efforts through a combination of electronic marketing and advertising in the mass media, centrally from its head office. It actively participates in real estate exhibitions that are attended by the local population. It keeps customers, existing and potential, updated about the company's latest developments, new launches, upcoming launches, existing projects, events and achievements though social media platforms. It has also undertaken a number of advertisement and promotional campaigns at a national level and run targeted campaigns to engage audiences digitally. Coupled with a strong presence across social media platforms and strategic appointments of brand ambassadors to promote the brand, its campaigns have generally been well-received by target audiences.

It also engages in digital marketing efforts in order to target customers, undertaking direct sales efforts through a combination of telephonic marketing and electronic marketing. It markets projects through in-house sales teams and brokers. A client relationship management team services customers from the property booking stage, through to the final delivery of the property.

"We also propose to improve customer satisfaction and service to measure customer satisfaction scores and reduce turnaround time with respect to inquiries. The established brand allows us to cross sell to the existing customer base and also enables us to market offerings to prospective customers by way of referrals from existing customers. We ensure that all communication is easily identifiable under the brand, and believe that this ensures brand recall by existing and potential customers," says Pradeep. As of March 2022, the company has 65 trademarks for the names and logos of their brand 'SignatureGlobal' and projects, including, amongst others, 'Signatureglobal Homes', 'The Roselia', 'The Serenas', 'Orchard Avenue' and 'Orchard Avenue 2', which have been registered under various classes with the registrar of trademarks.

The execution team, in coordination with the architecture team, completes the processes required to achieve the necessary compliance and statutory certifications for each of its sites including with respect to environmental clearance, occupation, completion, fire safety, waste disposal, rain water harvesting and recycling of water.

Signature Global has the magic power of the total involvement of promoters and a senior management team



of experienced professionals, who are instrumental in implementing business strategies, and who collectively have significant experience in real estate development, project planning and execution, fund raising, IT, tax, legal and compliance, corporate finance and accounts as well as management at reputed Indian companies and multinationals. The group's investor base includes IFC and HDFC Capital Advisors who participated in multiple rounds of capital raise undertaken by the company thereby affirming their confidence and trust in the company.

Profitable at project level

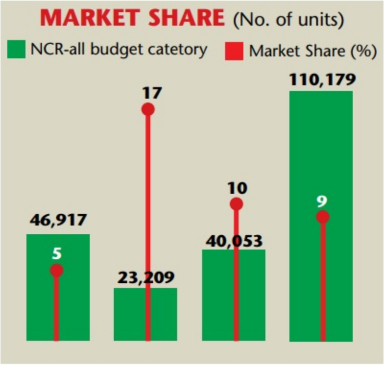
Signature Global has positive operating cash flows with low levels of debt. Its continued focus on efficiency and productivity has enabled it to deliver consistent financial performance. Its asset turnover ratio (calculated as sales divided by capital employed) was 0.44, 1.53 and 2.73 in fiscal 2020, 2021 and 2022, respectively. "We believe this demonstrates our strong execution capabilities and ability to achieve faster turnaround with shorter development cycles thereby helping us achieve scale in a short span of time," emphasises Ravi.

This positive operating cash flows has come despite incurring business development expenses for growth and without increasing leverage. In fiscals 2020, 2021 and 2022, the operating surplus before land advance and acquisition, which reflects surplus post construction expenses, selling, general and administrative expenses and taxes adjusted from collections, was ₹219.17 crore, ₹248.8 crore and ₹470.14 crore respectively.

"In order to continue launching new projects, we strive to maintain an optimal capital structure with prudent use of leverage and a conservative debt policy. We have been able to grow our sales at a CAGR of 142.62 per cent from ₹440 crore in fiscal 2020 to ₹2,590 crore in fiscal 2022 without incurring significant debt. Our net debt as of March 2020, 2021 and 2022 was ₹507.03 crore, ₹557.32 crore and ₹517.34 crore respectively," says Pradeep.

The group also witnessed strong collections and healthy gross profit margins (GPMs). For example, project Synera was launched in December 2014 and achieved an adjusted GPM of 16.10 per cent on residential sales and an adjusted GPM of 74.70 per cent on commercial sales, with a blended adjusted GPM of 21.30 per cent.

These GPMs were achieved prior to the amendments to the AHP through which developers were provided certain additional incentives. Previously, the FAR under the AHP for commercial development was limited to 4 per cent of the net planned area, instead of the current 8 per cent; the price ceiling for residential units stood at ₹4,000 per sq ft of the carpet area, which has since been increased to ₹4,200 per sq ft, where carpet area is the saleable area under the AHP; and the price ceiling of balcony areas stood at ₹500 per sq ft, instead of ₹1,000 per sq ft, with a cap of ₹100,000 per unit, as currently permitted. In the DDJAY-APHP projects as well, most of which were launched only after 2019, the GPM on residential sales itself was 30.59 per cent, without commercial sales.



Source: Anarock Research 2022

"We believe our cash flow management and balance sheet strength has facilitated us to attract strategic lending partners which has ensured continued financial support to our projects," says Rajat Kathuria, CEO of Signature Global who has debt arrangements with International Finance Corporation, HDFC Capital Affordable Real-Estate Fund-II, ICICI Bank Limited, IndusInd Bank Limited, Kotak Mahindra Investments Limited, Tata Capital Finance Service Limited, ArkaFincap Limited, IIFL Home Finance Limited and YES Bank Limited, among others. Additionally, prior to the filing of the Red Herring Prospectus with the RoC, the outstanding CCDs that have been issued to HCARE and International Finance Corporation will be converted into equity shares, which will result in improvement of its debt/equity ratio.

As part of its development activities, Signature Global is focused on sustainable development and inculcates green concepts and techniques such as sustainable water management facilities and low flow fixtures that result in water saving; solid waste management and the use of solar panels. The International Finance Corporation created the Excellence in Design for Greater Efficiencies (EDGE) to respond to the need for a measurable and credible solution to prove the business case for building green projects and unlock financial investment. All of its projects launched between Fiscal 2020 and Fiscal 2022 are certified by the Indian Green Building Council (IGBC) in accordance with the IGBC green affordable housing system or have received EDGE certification in the affordable housing segment in Delhi NCR. Its efforts towards sustainability have been recognised through various awards and recognitions including the Signature Global group being conferred the 8th IGBC Green Champion Award under the category of 'Developer Leading the Green Affordable Housing Movement in India'.

Scaling up

Signature Global has demonstrated its ability to scale up rapidly by growing its project portfolio from 90.6 lakh sq ft of Saleable Area as on 31 March, 2018 to 3.867 crore sq ft of Saleable Area as on 31 March, 2022, which includes the Saleable Area of Completed Projects and Ongoing Projects and the estimated Saleable area of Forthcoming Projects. It launched its first project in 2014 and as of 31 March, 2022, had sold 23,453 units with an aggregate Saleable Area of 1.46 crore sq ft. As of 31 March, 2022, it had 27 Ongoing Projects comprising approximately 1.61 crore sq ft of Saleable Area. Further, it has launched 4,752 units, 5,209 units and 5,739 units in Fiscals 2020, 2021 and 2022, respectively, which amounted to 28.5 lakh, 35 lakh and 40.1 lakh sq ft of Saleable Area for the corresponding periods. ◆

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Paradigm shift

A call for a constructive regime in our present system to convert NPAs into performing assets

Paanse: business survival is important

The post-pandemic economic recovery has witnessed a high demand for corporate and retail loans. In Q1FY23, the industry reported a strong loan growth of 4 per cent quarter-on-quarter compared to the negative growth registered in the first quarter of the last three fiscal years. "Strong loan disbursement is generally followed by high amounts of bad loans and a rise in non-performing assets (NPAs), as witnessed in earlier industry trends. However, things seem to be different this time around," explains Visswas Paanse, chairman of NPA Consultants who points out that "bad loan provisioning, which is the amount that banks set aside from their profits or income in a particular quarter towards NPAs, is on the decline".

The combined provisioning of listed banks fell by 23.7 per cent YoY to ₹29,185 crore during the June quarter. This is the second consecutive quarter that banks have decreased their provisioning. Private sector banks took the lead with a 59.7 per cent drop in loan loss provisioning, while public sector banks reported a 5.4 per cent increase in provisioning. This shift in trend is mainly due to an improvement in NPAs driven by better loan recoveries. Overall, the gross NPAs of Indian banks have declined to less than 6 per cent in June 2022 from about 12 per cent a few years ago. The fall in NPAs results in lower provisions and better profitability for banks. Going forward, the downtrend in NPA numbers is expected to continue, led by improved economic sentiments and a better credit growth trajectory.

Ground reality differs

Adds Paanse, who has helped companies like GGS Infrastructure Pvt Ltd, Barnala Steels Pvt Ltd, Omkar Speciality Chemicals and Lasa Supergenerics, to name a few: "The claim of RBI that the gross NPA of the scheduled commercial banks has fallen under 6 per cent may not be realistic. The NPA cases which have been transferred to ARCs or liquidated or written off a bank's account are not accounted for as NPAs as they do not appear in the books of the banks. The ground reality is different to that which is projected. Many MSMEs have been closed during Covid-19, many MSMEs have not received any stimulus (which was declared by the government) and many MSMEs have shut down and many of them cannot be revived. It would have been better if the RBI could declare the figures as how many NPAs have been converted into performing assets. The scenario will depend to a great extent on further government policies for the revival of NPAs and the mechanism to resolve NPA restructuring or rehabilitation. It seems the economy is improving but may not be able to breathe life into half-dead business entities."

To some extent, certain corrective steps during Covid-19 have definitely helped a few, but a lot more needs to be done; for example, the government should introduce some promotional measures to revive stressed accounts with an aim to convert NPAs to performing assets. "The present approach of the finance ministry, lawmakers and banking ministers is to eliminate NPAs from the books of lenders rather than converting NPAs into performing assets which is detrimental to the nation," says Paanse, advising the NPA sector. "Whether SSI or corporate, do not look at your business from a banker's point of view, but look at the bank from a business point of view. Your business survival is of paramount importance and if you continue to do business, you will be able to service the bank, so first improve your business health, and do not pay the bank with external borrowings or without having a proper roadmap to revive your business. Higher borrowings will hamper your viability and increase your break-even point. When you are in need of funds, try to promote deals and work on value addition areas. Avoid any unproductive expenditure including bank interest and EMIs."

The present Insolvency Act deals only with the corporate sector, ie private limited, public limited and LLPs. Most MSMEs are either proprietary or partnership firms and this act is not applicable to them. "We need a constructive regime in our present system to convert NPAs into performing assets. Our present way of treating NPAs is that, instead of treating the sickness, we are killing the sick. Is this ethical, moral or in the interests of the nation?" questions Paanse, requesting all law-makers and the finance ministry to adopt a paradigm shift in their approach towards NPAs. ◆

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Innovative platform

M1xchange eases the credit flow to small businesses

M1xchange, an electronic platform for discounting trade receivables (invoices and bills) for MSMEs has witnessed a significant surge in transaction volumes as an increasing number of smaller businesses are taking advantage of the platform to meet their operational fund requirements.

M1xchange, which is a Trade Receivables Discounting System (TReDS) platform regulated by the RBI to buy/sell receivables of MSME business entities on a bidding model under the Payments & Settlement Act, 2007, is an easy and quick means to finance receivables at convenient rates for MSME vendors/suppliers. It ensures faster realisation of funds for MSME enterprises.

Founded in 2017 by Gurgaon-based Mynd Solutions Pvt Ltd, the online platform backed by SIDBI Venture Capital, IndiaMART, Amazon, Beenext and Mayfield, is currently discounting over ₹100 crore worth of invoices per day as against around ₹300 crore in the whole of 2018.

In fact, M1xchange is looking to hit a transaction value of over ₹29,000 crore in the current fiscal year alone as compared to around ₹30,000 crore worth of trade receivables cumulatively discounted since the inception of the platform.

In the last fiscal year, it discounted invoices worth around ₹12,000 crore. So far, over 12,000 MSME enterprises spread across 1000+ Indian cities have used the platform. Interestingly, over 60 per cent of these MSMEs are from Tier 2, 3 & 4 cities. Currently, around 45 banks are registered on the platform to finance these MSMEs against their trade receivables.

“The last couple of years have been quite eventful for us as a TReDS platform. Our participation level has gone up significantly as small businesses are increasingly understanding the benefits of such a concept and looking to avail of the facility to meet their financial requirements. Other stakeholders are also lending their support to make it a big success,” says Sundeep Mohindru, founder & CEO, M1xchange.

Mohindru: enhancing customer experience

Benefit for buyers

The TReDS platform enables quick financing for MSMEs against their trade receivables. This process involves three stakeholders: the MSME suppliers, corporate buyers (private corporates, central and state PSUs), and banks/financers. MSMEs which supply goods and services to corporate buyers normally get their payment in 30-90 days and such a delay often creates problems for these small businesses in terms of working capital and other capital requirements. On a TReDS platform these small businesses get funding upfront from platform-registered banks/NBFCs hassle-free (without any collateral) against their receivables at the very reasonable rate of around 4-9 per cent.

Here the buyer benefits by earning a cash discount from the vendors as they get substantial savings in interest cost on the basis of the buyer’s credit rating. Suppliers enjoy better working capital management, all the while increasing the options of expanding the business faster. Continual application of this process leads to a better receivables’ cycle too, which results in better relationship building between buyers and suppliers.

Not only do MSMEs as suppliers get benefits but so do corporates/buyers as this optimises their working capital availability and regularises their cash flow. Besides, a TReDS platform is an alternative and efficient funding method for making vendor payments. Through TReDS, the buyer enables advance payment to the supplier without taking any borrowing limits on his books.

“The third stakeholder, banks/NBFCs, also benefit as the RBI-regulated TReDS network of M1xchange offers financiers the opportunity to acquire high-quality MSME assets over a large-scale geographical area with the minimum possible time, expense, and labour. M1xchange automates the entire financing process, thereby enhancing the customer experience. In all, a TReDS is beneficial to all the stakeholders involved,” says Mohindru, whose TReDS platform which has so far been available for domestic invoice discounting, is now getting into import-export invoice discounting. The International Financial Services Centres Authority (IFSCA), the sole regulator of Gujarat’s Gift City-based International Financial Service Centre, has issued licences to four trade-financing platforms to tap the international factoring business. Apart from M1xchange, RXIL is the other RBI-licenced TReDS given a licence; the other two, KredX and Vayana, are service providers for bill discounting and related facilities offered by banks.

RBI introduced the concept of TReDS – an institutional mechanism for financing trade receivables on a secure digital platform – in 2014. Apart from M1xchange, the RBI has granted licences to two more TReDS platforms. A. TREDS is a joint venture between Axis Bank and mjunction services (a 50:50 venture promoted by TATA Steel and SAIL) that operates Invoicemart, while RXIL is promoted by SIDBI, NSE, SBI, ICICI and Yes Bank. So far, all these three have together facilitated digital discounting of invoices worth around ₹88,000 crore. All three platforms currently enjoy an almost equal share in the market. ◆

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'Dead money'

EasyInherit is a comprehensive solution to the troubles of inheritance management

Seth and Bose apprising Sitharaman about the progress made in the sphere of inheritance and succession planning

Do you know there is an estimated ₹1,25,000 crore lying in unclaimed bank accounts, life insurance, mutual funds and provident funds? "This is what we call 'dead money' which is money belonging to people who have died. The primary reason why money lies unclaimed is: lack of knowledge among family members – the money was invested but nobody in the family was aware of this and therefore nobody came forward to make a claim. The claim process is fraught with very expensive and cumbersome legal and bureaucratic process and documentation," says Sejal Seth as the co-founder and CEO, and Soubir Bose as the co-founder and CTO of EasyInherit, that assures wealth protection for the next generation by providing accurate advice and value-added services.

The EasyInherit founders met the Finance Minister of India to apprise her of the progress which can be made in the sphere of Inheritance and Succession Planning as a part of Digital India Mission. The finance ministry has been exhorting all these institutions to ensure implementation of the ease of living mission of the government and EasyInherit presented a paper on how inheritance can and should go digital and what changes will need to be effected for the same.

"Imagine a widow having to claim ₹65,000 lying in the bank where she was not a nominee. She would be required to produce paperwork for which a tout or agent will quote ₹30,000. She does not have the liquidity to invest to recover the claim," says Seth.

To claim what is duly yours is not always an easy process. This very issue gave birth to EasyInherit, a platform that facilitates the various aspects of inheritance management – documentation, probates, succession, claims, and transfers. All in all, EasyInherit is a hassle-free, secure platform that thrives on the advances in technology and media today. It is an AI-based engine that ensures you get the most bias-free approach to your inheritance challenges.

Seth co-founded EasyInherit in early 2020, after she experienced a gamut of inheritance challenges firsthand, being unable to successfully claim her father's inheritance 3 years post his demise. Before this, in 2019, she consulted a mental health application that has been rated by Google as the number one app, currently called Wysa. In mid-2018, she joined the data science company Mu Sigma. There she handled the largest client unit, Walmart, across their US, China, and ecom operations. Earlier she undertook 'Artificial Intelligence – Implications for Business Strategy,' from MIT Sloan.

Transparent method

EasyInherit aims to make estate planning and succession claims less complicated and more effective. The platform guarantees a highly transparent method of functioning. With the philosophy of democratising inheritance planning using a digital platform, EasyInherit provides multiple services to its clients. Beginning with EasyClaims One step, it is a stress-free solution to all the unnecessary hassle involved in submitting claims post a bereavement. This service helps in simplifying the paperwork; it initiates legal documentation and creates submission-ready claim dockets.

To avoid conflict, being well-informed and aware is an important step in handling legal battles. Understanding one's will, trust, the power of attorney, and the letter of succession is necessary while dealing with the process of inheritance. To achieve the same, EasyLegal is a one-stop-shop to get counsel from their specialist team of estate and inheritance lawyers in strict confidence. "With the focus on having a single view of all your assets, it is imperative to plan for everything that matters. EasyPortfolio is a way to organise what is vital once and for all, such as your wills, life insurance plans, financial data, pet information, digital accounts, and so much more. The physical, financial, and digital assets including bank accounts and fixed deposits, land, property, and vehicles as well as your social media/email accounts – all are organised by EasyPortfolio," observes Bose, a chartered accountant, when a misadventure into things too technical by his family-owned audio post-production studio, made him a reluctant entrant into a very nascent IT industry in

1992. He started working on software product engineering with what may have been India's first product start-up in Calcutta.

Inheritance related solutions are often considered a part of estate planning in the West. According to TechCrunch, the estate planning market in the US is valued at $180 billion in 2022. Investments in estate planning tech start-ups exceed $200 million. This includes companies such as Everplans, Wealth, Lantern, Cake, Trust and Will, FareWill, etc. Worldwide solutions in this space are termed 'DeathTech'. While there are no official estimates, the estate planning industry would be worth about $5 billion in India.

In India, the traditional players in the space of inheritance are the lawyers. One reaches out to them when one wants a will or trust or any other legal documentation such as probate or succession certificate. Then there are family offices, which are wealth management advisory firms that serve ultra-high net worth investors and provide a complete financial advice and solutions such as legal, insurance, investment, estate, business, tax, lifestyle and even philanthropy related advice to clients. Increasingly, wealth managers or chartered financial planners (CFP) are also trying to bundle estate planning offerings to their customers as a rich value add for their wealth lifecycle.

"The traditional competitor here is the little black book kept in the family safe. In today's day and age many believe Google Docs to be the answer. But we offer a completely secure and confidential way of organising the relevant data on the cloud along with the option of keeping the same in your own Digilocker (GoI provided cloud data storage available to all citizens)," adds Seth who in 2021 launched Digilocker to store inheritance and succession planning-related information safely and perpetually on Digilocker. Every user of EasyInherit can upload their EasyPortfolio on to Digilocker at the click of a button. This information can thereafter be shared with any nominee of the user directly from Digilocker using its built-in consent framework. "Additionally, the unique partnership allows EasyInherit to implement a consent-based access to a user's financial and other asset data to auto-populate the EasyPortfolio. This prevents leakage of information – one of the key reasons why the next of kin usually fails to locate critical data."

Handholding the process

For claims, the local agent or tout is the closest that there is no competition in this space. There are a few firms offering you services which will help doing all the run-around for a hefty fee. And there are a few more who deal in specific niche areas such as physical to demat transfer of shares. "This is where we are unique in terms of combining the digital ecosystem and helping ease the user process, journey and flow during the transmission/claims process across all asset groups".

> **The claim process is fraught with very expensive and cumbersome legal and bureaucratic process and documentation**
>
> **SEJAL SETH**
> **Co-founder and CEO, EasyInherit**

"I heard about EasyInherit through common acquaintances. And I wanted the services of a new age firm that would use the power of technology to help my parent draft and register a will in Mumbai. The team arranged for appropriate legal consults, set up appointments with the registrar and handheld the process to its completion. All this in the middle of a raging Covid pandemic. EasyInherit made the entire process a smooth sail," says Milind Agarwal, a businessman.

"India makes a difficult case for inheritance planning if you have special needs children," says Dr Amit Biswas. As a parent of a special needs child, he along with a few others have set up an organisation that caters to the life needs of such children beyond the lifetime of their parents. "However, each parent needed something special for their child and legal advice was difficult, at times insensitive and mostly expensive. EasyInherit handled our cases with the sensitivity it needed and in a transparent way. It helped each parent create custom trust deeds per their need and yet stay within the common objectives of the broader organisation," adds Biswas.

"Losing a set of parents in quick succession is traumatic enough. But when a global pandemic prevents you from travelling and being with family in such circumstances, it makes matters worse," says Rahul Singh who along with his brother lives in the US while their sister lived in India. Their parents owned properties and assets in different parts of India and did not leave behind clear succession instructions. "EasyInherit understood the situation and simplified the process into achievable blocks. They coordinated between the family members across time zones and facilitated conversation with government agencies. Using technology and its network of professionals, the company settled their estate within six months with no need of any travel," adds Rahul.

"I needed to travel abroad for life critical treatment and wanted to ensure my estate was well settled in any contingency," discloses Devika Bahudhanam, who reached out to EI with the shortest possible timeline and the highest criticality. "Their legal team immediately understood the situation and decided to work out a few options that could be quickly executed. Working overtime, the legal team handled the case with sensitivity while staying aware that time was critical."

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S M BOOTHEM

Advantage Alto

The iconic Alto brand is back in a new avatar

While India celebrated its 75th year of Independence, Maruti Suzuki India Ltd (MSIL) successfully completed 40 years. One of its iconic brands, the Alto, was introduced in 2000 and is the bestselling car in the hatchback segment for MSIL. The Alto brand played a major role in MSIL's success in the Indian car market. The Alto brand has ruled the roads for more than two decades and is a household name across all the regions of India. To take the legacy of the brand forward, MSIL recently introduced the all-new Alto K10 at a starting price of ₹3.99 lakh. The company has promoted the brand under the tagline – IndiaKiChalPadi – which means the new Alto K10 brand is all set to flourish once again in style.

"Over the years, Alto has strengthened its appeal with every new upgrade and is a testament to an iconic brand that evolved with the changing aspirations of young India. It has a fresh new design, advanced tech and safety features, coupled with spacious interiors, and a Next-Gen K-series 1.0-litre engine. We are confident that the new Alto K10 will re-energise the segment and exceed customer expectations with its contemporary and youthful appeal," said Hisashi Takeuchi, MD & CEO, MSIL introducing the new car.

For MSIL, it has been an action-packed year so far – India's largest carmaker introduced eight cars in the last seven months of 2022. "We started in 1982 and the first vehicle was the Maruti 800. In 2000, we introduced the Alto. The Alto became the number one car in 2004 and continuously dominated as a leader for 16 years till 2020. Now, we got this iconic brand back. Cumulatively, the Alto has sold about 43.3 lakh vehicles, out of which the Alto K10 was 9 lakhs. The top four cars in the country today are hatchbacks and one of them is the Alto," says Shashank Srivastava, Senior Executive Director, Sales and Marketing, MSIL.

Target customers

MSIL strongly believe that a well-known brand like the new Alto K10 will have a bigger geographical presence by generating more volumes. Its target customers are first-time buyers. India has a very young population and 65 per cent of them are under 35. A lot of people are first-time buyers with transportation requirements. 'Chal Padi' is the new slogan for brand building. It means taking off; a new direction in life..

Talking about 40 years of Maruti Suzuki's journey in India, Srivastava explains: "The company started a revolution of motorisation in the country. Not many people could afford cars at the time, but Maruti Suzuki was able to offer them the 800 and the rest is history. When Maruti Suzuki came, the total sales of cars in the country were 50,000 per year. And this year, we expected the number to be 36 lakhs, and India is the fourth largest car maker in the world. Apart from this, Maruti Suzuki supports the ancillary industry, component manufacturers, transportation providers, service facilities and suppliers of batteries, and tyre-makers in their journey of growth. Today, India is an attractive market for all vehicle manufacturers – both local and global players. We are happy to be part of India's economic progress."

"The story of Maruti Suzuki in India starts with the 800, Omni, Gypsy, 1000; there are so many models. 40 years of the joy of mobility by Maruti. We want to provide an aspirational product. Our team of engineers worked on the new Alto K10 to cater to the current generation of customers in terms of design, performance, safety features, comfort and convenience. We have successfully put together everything as a complete package in the new Alto K10. It also provides all the latest infotech features. We have been able to increase the boot space," says CV Raman, Chief Technical Officer, MSIL on the product development of the iconic brand.

MSIL is betting big on the new Alto K10 to deliver good numbers. Whether the refreshed Alto will fulfil the promise and continue its success story is something to watch out for.

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Honda's new gameplan

To take on competitors it unveils a new mid-size bike CB300F

Kobayashi, Ogata and Rajagopi: taking forward the success story

The journey of Honda Motorcycle & Scooter India (HMSI) started in 2001 with its factory at Manesar, Gurugram.HMSI made its entry with its first two-wheeler – the Activa – which was the top-selling model in India and was followed by the introduction of a number of other motorcycle models by the company. The Activa, a gearless scooter, is one of the major contributors to the HMSI sales chart and was a leader for many years.

HMSI also crossed the milestone of 5 crore cumulative customers in 2021. While the first 2.5 crore customers were added in 16 years, the next 2.5 crore customers were added in just five years. The products are made in India for Indian and the global markets. Currently, the company exports to 38 countries. Globally, Honda Motorcycle is a major player in the two-wheeler market with a 70 per cent contribution, while 30 per cent comes from India. HMSI offers products in the Street, Tourer and Sports categories. The Japanese two-wheeler major is also working on electric vehicles (EVs) for the Indian market.

To take forward the success story, HMSI recently launched its mid-size bike CB300F at a starting price of ₹2.25 lakh to expand its presence in this segment. The new bike is available at the exclusive Honda BigWing showrooms. Globally, the CB500F is a popular model and its offering in India will strengthen HMSI's presence in the mid-size segment. The new bike will be produced at its plant in Vithalapur, Gujarat. The 250cc to 500cc segment is growing fast in the Indian market, with many players including Royal Enfield, TVS, BMW, Suzuki, KTM, Bajaj, Kawasaki, Yamaha and Suzuki offering their diverse products to customers. The rising popularity of road trips across India by young people has also fuelled this demand. HMSI has set a target to increase its market share in this segment from its current 11 per cent to 25 per cent. India is the largest two-wheeler market in the world, with multiple two-wheeler manufacturers setting up shop to tap that potential.

"The two-wheeler landscape in India is undergoing a big shift as we move up in the motorcycle category. Riders in the mid-size segment and above, in particular, are looking for a fine balance between performance, versatility and modernism. With an aspiration for a dynamic lifestyle, the riding community is getting performance-oriented and looks forward to a big bike experience. Today, as we turn a new chapter in Honda's fun-motorcycle line-up, I am glad to present the all-new CB300F – the advanced formidable streetfighter!" said Atsushi Ogata, MD, President and CEO, HMSI about current market trends.

A meeting point for riders

In terms of customer experience, the company is involved in a lot of activities to connect with its rider community. One such initiative is the Dreamers Café, the Cafe at Honda's plant at Manesar, Haryana. According to officials, the cafe offers a perfect meeting point for riders. Currently, 100 BigWing outlets offer products, and HMSI is planning to increase the number of outlets across the country. The company is also offering a range of riding gear and other accessories for riders.

"As the riding culture gains prominence in India, the Streetfighter motorcycle category, in particular, has witnessed an increased fascination among the youth. Characterised by fierce design philosophy and fearless attitude, motorcycles in this category are attracting customers who aspire to an ultimate package of power as well as aggressive looks. With its fierce design, fast acceleration and furious stance, CB300F will redefine the standards of fighter attitude and fearless performance," explains P Rajagopi, Operating Officer, Premium Motorcycle Business, HMSI.

The automotive industry has gone through a rough time in the last two years due to the pandemic and this has affected all automotive players – domestic and global – in terms of supply chain, chip shortage and production schedules to meet the demands of customers. Now, things are slowly getting back to normal and automakers have started introducing new products.

According to its latest sales report for July 2022, HMSI sold 443,643 units. This includes domestic sales of 402,701 units and 40,942 units in exports. Domestic sales for the month registered an 18 per cent growth over the same period last year, which stood at 340,420 units (July 2021). With a number of players eyeing this mid-size segment to increase their market share, how HMSI's new CB300F will perform remains to be seen. ◆

S M BOOTHEM

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Securing vision

Sankara Eye Hospitals expand their pan-India footprint

Sankara Eye Hospital
Sankara Eye Hospital

Murali: quality eye care to all

Sankara Eye Hospitals, a part of the Sankara Eye Foundation India, is one of the fastest growing eye care chains in the country. Started as a small primary healthcare centre in Coimbatore way back in 1977 by Padma Shri Awardee, Founder & Managing Trustee Dr RV Ramani and his wife Dr Radha Ramani, Sankara has today emerged as a social enterprise managing 12 super specialty eye care hospitals located across Tamil Nadu, Andhra Pradesh, Karnataka, Gujarat, Punjab, Uttar Pradesh, Madhya Pradesh, Rajasthan and Maharashtra. Moreover, Sankara also has 38 Vision Centres across the country.

Sankara Eye Foundation, a nonprofit organisation, works with the vision to provide quality eye care services to the poor and marginalised sections of society. It provides world class eye care totally free of cost to 80 per cent of its patients and through paid services for 20 per cent of patients, which in turn subsidises the total cost of treatment. As per the latest report from the International Agency for the Prevention of Blindness (IAPB), there are an estimated 270 million people with vision loss in India; of these, 9.2 million people are blind.

Sankara is expanding its presence in the country. Currently, it has two new upcoming hospitals – one in Hyderabad and another one in Varanasi. The upcoming hospital in Hyderabad will be Sankara's largest unit after Coimbatore. This facility will focus on serving people in Telangana's rural areas and is expected to be inaugurated by mid-2024. As part of its deeper penetration into northern India, it will open a new hospital in Varanasi around the same time. The eye care chain is also looking to triple its capacity of free surgeries in its Kanpur unit by 50,000-60,000 from the existing 20,000 and in Guntur to 70,000 from the existing 27,000. Besides, Sankara also plans to increase the number of Vision Centres to 100+ in the near future.

The primary goal

"Sankara Eye Foundation India is a protagonist of the national eye health care movement in India. The vision of Sankara is born from the need to provide quality eye care to everyone, regardless of socio-economic, religious, linguistic and geographical backgrounds, free of cost," says Dr Kaushik Murali, President, Medical Administration, Quality & Education, Sankara Eye Foundation India

"The primary goal of the community eye health programme is to fight against preventable and curable blindness. More than 80 per cent of blindness is preventable and curable. Sankara Eye Foundation was initiated with this vision and mission to eliminate avoidable blindness. Our goal is to touch 4.2 lakh free surgeries every year by 2030 and continue to offer people the best available eye care treatment. We are today also one of the world's largest free eye care providers, particularly in the rural areas of the country," adds Dr Murali.

The flagship initiative of the foundation, 'Gift of Vision' was initiated with the aim of reaching out to the rural community and ensuring timely eye care interventions to prevent and cure blindness, thereby providing the gift of vision. The programme reaches out to underserved communities needing comprehensive eye care services at their doorstep, through a well-trained team of field staff, doctors and paramedics. This is the oldest community outreach programme and was started in 1990.

The Rainbow Preventive Eye Care for Schools was launched over two decades ago, with an aim to provide eye care to school kids. Nearly 12,000 free surgeries have been performed on children under this initiative and 27,074 teachers have been trained as volunteers to date.

To empower young women in the poor socio-economic sections of society, the foundation launched Vision Care Technician Training, an ophthalmic vocational course, in 2002. Under this programme, meritorious high school graduate girls from disadvantaged sections of society are identified and trained in community eye care through a two-year diploma course. The programme is completely subsidised by Sankara.

Sankara also has its Maitri programme under which it ensures vision rehabilitation, which is the process of treatment and education that helps individuals who are visually impaired attain maximum function and a sense of wellbeing. In the rural and semi-urban scenario, Sankara launched its first ever eye care program 'Rainbow' for school-going children in 1996. Since then, this massive eye care programme has been focusing on providing a bright future to visually handicapped children. ◆

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On the global map

Mumbai based Raiaskaran Tech Park receives LEED Platinum certification

On 8 July 2022, Raiaskaran, a real estate brand, has introduced sustainability and art into Indian luxury living, by receiving the LEED Platinum Certification by the Green Business Certification Inc (GBCI) for its cutting-edge Raiaskaran Tech Park in Andheri East, Mumbai, that caters to the world's leading companies and has been rated as one of Maharashtra's top three professional private IT parks. The award was received by Yuvraj S Rajan, director of Raiaskaran, from Gopalakrishnan P, MD, GBCI, SE Asia and MENA. This is one of the few commercial property buildings in India to receive the LEED Platinum certification.

Rajan is an alumnus of prestigious institutions like Jamnabai Narsee School and Ecole Mondiale World School. After completing a degree in Bachelor of Science in Business Management with an emphasis on real estate, sustainable development, and entrepreneurship from Babson College, Boston, Rajan joined Raiaskaran in 2012.

GBCI is India's foremost sustainable building design, construction, and operation authority. It is a part of the Leadership in Energy and Environmental Design (LEED) green building grading system, which is independently supervised by the US Green Building Council (USGBC). LEED certification reflects the fact that a facility prioritises sustainable green building practices.

"This award demonstrates our commitment to sustainability and a greener form of real estate. At Raiaskaran, art, Indian luxury, and sustainability are fundamental to all we do. We create spaces that can stand out, keeping in mind our rich Indian culture; our structure incorporates art and design themes from all over the world. Our LEED Platinum accreditation demonstrates our dedication to giving our staff and clients productive, sustainable, and healthy working environments", says Rajan of Raiaskaran (named after his grandfather) which has more than two-million sq ft of construction. The real estate company creates luxurious spaces to enhance the quality of life for its customers. "The group's strength lies in bridging the gap between good design and progressive technology, enabling Raiaskaran to deliver the most iconic, luxurious, and environmentally efficient projects. It includes high-end residential, cutting-edge commercial and grand retail and hospitality ventures. Their diversified projects match the highest international quality and contemporary design standards. Raiaskaran's engineering aims for a low carbon footprint and endeavours to preserve natural resources for greener architecture and construction across Mumbai," adds Rajan.

SANJAY BORADE

Rajan: creating green realty

"What the Raiaskaran group has done is absolutely incredible. India is at the forefront of the green building movement, and developers like Raiaskaran play a critical role. The sustainability movement is gaining steam thanks to LEED-certified buildings.

The highest LEED certification is Platinum, which needs at least 52 of the 69 total points. The commercial LEED rating systems are active, with more than 24 billion sq ft of construction space across more than 107,000 projects in 182 countries and territories. There are also around two million registered and certified residential units. In terms of global LEED markets, India is currently the fourth-largest one.

LEEDing the way

The three pillars of Raiaskaran group are art, Indian luxury and sustainability' these cement their industry hold. Rajan believes that that the greatest form of art can be achieved through architecture and construction and their buildings stand testimony to that fact. The Raiaskaran art gallery, located at the tech park, amplifies the work of some of the top 20 internationally acclaimed Indian artists, and helps to seamlessly blend these inspired themes into the spaces they build.

"Our commitment to sustainability is deeply rooted in all our efforts and projects. Raiaskaran Nursery has set up 'roots' by hosting more than 85 plant species, growing plantations – and these are only some of the initiatives recognised by the LEED certification some of the initiatives that make them environmentally compatible," sums up Rajan. With an aim to give it back to nature, all properties at Raiaskaran are designed to help preserve natural resources for greener architecture and construction by resorting to green energy sources.

Having introduced the design and sustainability arm at Raiaskaran, Rajan's vision has ensured the brand grows into one of India's more prevalent privately held real estate companies, delivering more than 2 million square feet of projects. Rajan is of the firm belief that there is no superior art form to that of a building – a permanent piece that stands in the city – with millions of spectators and hundreds of stakeholders. An ardent art aficionado, architecture, and design enthusiast, when he is not thinking buildings, you can mostly find him playing a basketball game or at an art gallery exploring Indian talent.◆

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An agri-wonderland

Arya.ag builds farm-gate storage on its integrated agri-tech platform

Chandra, Devarajan and Rao:

The agriculture sector is changing – remarkably, though gradually. With the advent of 'agri-tech', the sector has been greatly benefiting from new technologies and innovative solutions, enabling farmers to improve production hugely. Furthermore, the transformational potential of agri-tech is vast, considering that farmers need to be connected with consumers in agri-business, storage providers and credit institutions.

These innovations are a huge boon, especially to small and mid-size farmers, who are desperately in need of the technological edge, which they have been lacking for years. For decades, small farmers have wanted good farm-gate storage facilities and ready buyers, when their produce commands good prices.

This is where Arya.ag steps in. Having attained the status of being India's largest intelligent farm-produce storage warehouse provider, fintech-based digital lending services and digital market linkage enabler platform, Arya.ag has been building a tech-driven grain ecosystem for farmers, resolving some of the many pertinent issues faced by them. This agri-tech start-up has ramped up a complete digital grain-management ecosystem, which not only stores grain efficiently with all modern warehouse facilities, but also offers complete assurance regarding quality, deliveries and payments to all in the ecosystem.

Comprehensive

Arya.ag's business model involves storing farm produce in warehouses close to the farmer. Subsequently, the platform enables small, mid-size farmers and farmer producer organisations (FPOs) to sell to any buyer whenever they want, with the distinct proposition of deriving optimum value for their farm produce. "Arya.ag eliminates the need to sell at distressed prices post-harvest," says Prasanna Rao, MD & co-founder, Arya.ag. "It enables post-harvest services, such as facilitating seamless finance options to farmers and helps farmers find buyers at the right prices".

For farmers, selling produce at appropriate prices has been one of the biggest challenges. Arya.ag's platform connecting grain producers with purchasers has altered the way in which millions of small and mid-size farmers operate.

Rao, along with Anand Chandra and Chattanathan Devarajan, founders of the agri-ecosystem, Arya.ag, have been toiling to create this unique grain eco-system for farmers. Leaving behind well-heeled careers as bankers and financiers in agri-commodities at India's top private-sector bank, the trio found that, while big farmers were being well-catered-to with unique services and offerings by the larger banks and agro-merchants, small and marginal farmers had no recourse to some of the best storage and financing products and even to the larger agri-commodity market.

Founded in early 2013, Arya.ag has come a long way and is one of the go-to places for small farmers and large commercial enterprises that engage with the platform. "Our motivation to start Arya.ag was the fact that most large agri-financiers give loans to bigger borrowers, traders, millers and food processors," says co-founder Devarajan. "However, the business potential at these larger semi-urban markets was only about one-third the total available; two-thirds was closer to the farm gate, where you could serve the needs of smaller farmers and aggregators. Hence, we started with the idea of offering post-harvest services on a single platform closer to the farm gate, particularly to farmers who do not have access to post-harvest services. We are enabling a new marketplace service for lakhs of farmers and agri-product buyers. It's been almost nine years in this exciting journey".

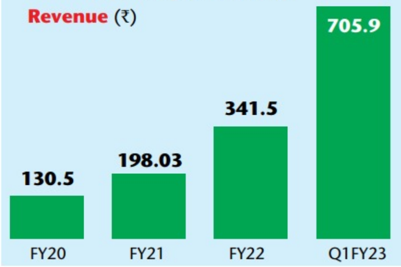
Initially, the trio invested their money and tapped their friends and family. Over the years, as the Arya.ag platform grew, the company raised funding from investors comprising Quona, Omnivore, Lightrock and Asia Impact SA. The first of such funding was in June 2019, when the company raised ₹20 crore, as part of Series A round. This was followed by pre-series B Bridge round of ₹12 crore in October 2019 and then by pre-series B round of ₹30 crore in March 2020. The pre-series B round of ₹81.21 crore was held in December 2020, followed by latest Series C round on ₹342.57 crore in December 2021.

Major value proposition

Judging by the manner in which Arya.ag has been rapidly scaling up the platform, with more farmers and agri-buyers participating, private equity investors will not hesitate to queue

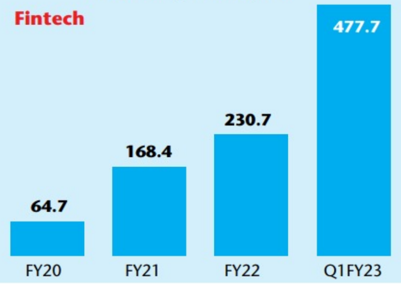
Growing strong

Arya has been showing a steady improvement in its financials with revenues expanding at a fast clip



Healthy book

Arya's digital lending book to farmers has been seeing a steady rise



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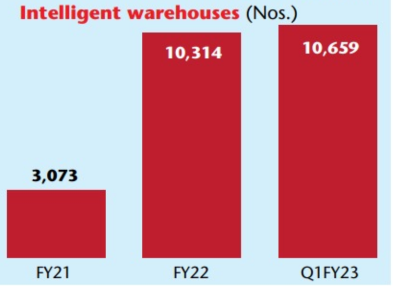
Arya has been adding warehouses and has listed over 10500 warehouses across India



up at further funding rounds. One of the chief reasons for this is that small farmers, pressed for income post-harvest, sell their produce immediately, even at distressed prices. The bigger farmers, traders and intermediaries have the upper hand: the former have the resources to hold on to stocks when prices are low, the latter two buy at distressed prices, store in warehouses and secure loans from banks against the produce. After a few months, the larger farmers sell at higher prices. "The difference in just a few months after the harvest is anywhere between 15 and 40 per cent," says Chattanathan. "Small farmers did not have this option to decide when to sell. Arya.ag helps farmers determine when to sell, and whom to sell to. We enable farmers to store their produce at places closest to them (the farm-gate) and not sell it immediately. Once they store it, they have access to capital, and financing. We have an inbuilt fintech platform, which enables loans to farmers in no time".

No surprise, then, that theArya.ag platform has been a huge convenience for small farmers. Over the years, the firm has grown; clients now include farmers, farmer-producer organisations, financial institutions, SME agri-processors, commodity traders and corporate agri-businesses. Arya.ag provides warehouse receipts for financing through its subsidiary Aryadhan, an NBFC arm, which offers credit to farmers, FPOs and SME aggregators, processors and traders who have stored commodities at Arya.ag warehouses.

"Small farmers cannot hold on to their produce as they require the money," informs Anand Chandra, ED & co-founder. "With a loan against produce, their day-to-day financial needs are taken care off. And, when the price of the produce is appropriate a few weeks after the harvest, the farmers can sell their produce, which means they can make more money".

Arya.ag has another necessary feature on its platform: connecting farmers to appropriate buyers. It has a large number of buyers, such as large corporate houses, which require wheat grain for biscuits or potatoes for fries. Larger millers also purchase directly from farmers. As a result, farmers obtain a better price. "Realisations increase substantially because of this option to sell when they want to and to whom theywant to sell to," says Chandra.

Indeed, the Arya.ag platform has made the whole and lengthy process of warehousing, financing and marketing grains a breeze for farmers. In fact, as one selects a hotel, they can select a warehouse from among more than 10,600. In the last nine years, Arya.ag has expanded this facility; it now has, listed on its platform, about 10 per cent of the private warehouses in India, and has become a go-to digital platform for warehouses.

Over the years, through its network of partners, Arya.ag has seen commodities stored at its listed warehouses increase to about ₹ 15,000 crore. Against that storage, it has provided loans of about ₹1,000 crore through its own fintech platform. Arya.ag has also originated bank loans of about ₹3,000 crore. Besides, it offers a risk-management service to banks against part of the storage, which is worth about ₹2,000 crore. On the whole, Arya.ag has been involved in financing nearly ₹6,000 crore against commodities of about ₹15,000 crore, demonstrating the huge potential of the business.

"We have about 65,000 farmers who work with us through these FPOs," says Prasanna. "And, there are about 27 banks that also interact with us on the financing side, and close to 5,000 entities that work with us on the platform".

Foundations of growth

Due to its enviable business model in agri-tech, Arya.ag has been doing very well. In 2021, it clocked revenues of about ₹300 crore, and has been profitable since its inception – a rare distinction where peers have announced layoffs in recent times.

Arya.ag operates in 425 districts in 21 states and continues to expand its network. It is exploring plan to launch a blockchain-based technology platform, so as to offer a safe & secured experience to buyers and sellers regarding payments. Also, its control of raw producehas helped reduce supply-chain losses in agri-products. Besides, it is adding logistics as a value-added service to ensure reliability and reassure buyers and sellers.

"We want to create India's operating grain system with complete assurance regarding quality, quantity, price and payments for all entities operating in the ecosystem," adds Prasanna.

With efforts from the fintech platform Arya.ag, firms have greatly improved efficiency and reduced storage and other supply-chain losses. Small and mid-sized farmers have raised their incomes, which has also been the aim of the government. In all, it's a win for all agri-players on the platform. ◆

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Stitching together!

P.N. Rao is gearing up for its 100th year celebration

Ketan, Machender, Chandra Mohan, Naveen Pishe: ensuring wonderful customer experience

For decades after independence, Indian tailoring has, for the most part, been cheap and shoddy. "However, in the last decade or so, there's been a huge change, largely thanks to the Indian consumer of today who has become an avid traveller and has information available at his fingertips. These consumers are now more aware of the benefits of good quality tailoring and are able to easily differentiate them from cheap clothing. This has helped increase the demand for good quality tailoring multifold. As the consumer becomes more discerning this demand will only increase," says Machender Pishe, partner in the company and the second son of P.N. Rao. The eldest among the partners, he leads the company named after his father.

P.N. Rao was founded in 1923 by the late Pishe Narayan Rao in Bangalore. "The name of the organisation was prompted by our founder's name. It was PN Rao who led the people under him, with his vision and values, to start the organisation and become masters in tailoring from the early 1920s and we have come a long way in this business," adds Machender.

One of the oldest and largest family-led companies in the suiting industry, it has offered fine and bespoke tailoring for 99 years now. It began during the British Raj and has grown into a company which offers many services, including ready-to-wear suits and made-to-measure clothing. Apart from offering bespoke tailoring services, it imports fine fabrics from various mills across the globe. The firm had humble beginnings in a small store on MG Road, with PN Rao designing garments for ladies as well as officers who lived in the cantonment area of Bangalore in the former British India.

Today, the brand has made an indelible mark with seven stores spread across Bangalore and Chennai, where it has built a reputation of dressing the elite. "The pillars of P.N. Rao's identity are built on a foundation of bespoke suiting, constant innovation and superior quality. Passionate tailoring houses such as ours have geared up to meet these demands by training tailors and expanding our reach to other cities. With the availability of good talent and some push from the government and tourism department, India has the potential to be the tailoring capital of the world," says Chandramohan Pishe, partner and the third son of P.N. Rao who handles accounts and also takes the initiative in company marketing and brand building.

Bespoke orders

"There have been many clients over the years. As a retail organisation we deal with a number of clients across seven places in Bangalore and Chennai," says Naveen Pishe, partner and son of Machender Pishe. Naveen handles tailoring production, operations and the HR of the company. It is with his guidance and mentoring that bespoke orders reach the customer on time. He makes certain the sales team are always motivated and make great sales numbers, and he is also responsible for recruitment.

Ketan Pishe is Chandramohan's son. After finishing his MBA, he joined the business as a partner in 2006. A year of research in association with the London College of Fashion to develop a new business model using 3D body scanning tech saw him further enhance his sense of fashion and business. He currently handles the marketing, buying & merchandising and IT of the company.

P.N. Rao says it ensures customers have a wonderful experience with the vast range and collections which it has to offer. "We have the most exclusive range of suits, blazers, tuxedos, ethnic wear and accessories. We use the best in business fabrics from all over the world and as much natural fabric as possible to help sustain the environment as well. We also have a factory setup which is 100 per cent solar-powered," says Ketan who generates most of the firm's revenue through the retail outlets and also has a tailor-on-call service which entails visiting the customer at home and taking orders.

"We are excited to celebrate our 100th year in 2023. We have planned several events throughout the year to make our mark and celebrate the suit which is our mainstream product and also the legacy and values that a business like this brings to the fore," sums up Machender. ◆

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Best of all worlds

Indian hotels bag global awards

The current mantra in the Indian hospitality sector is that you don't need to be satisfied with the best of both worlds, when you can have the best of all worlds. In living up to this mantra, hotels in India are notching up higher ratings and bagging more global awards.

> **A decade ago, Crowne Plaza Okhla in Delhi was inaugurated with the aim of becoming South Delhi's business and dining hub**
>
> **SHUVENDU BANERJEE,**
> General Manager, Crowne Plaza

A host of newly curated offers, including creative staycation packages and exquisite dining experiences, are up for grabs at hotels at affordable price points. Five-star hotels are capitalising on the strong urge to travel after an exceptionally prolonged lockdown. Travellers are increasingly flocking towards brands, which dovetail the essence of world class luxury and follow responsible and ethical business practices as well.

The challenge of choosing a particular hotel from all the brands on offer is certainly not easy, considering that opting for the right hotel is crucial since it can make or break a trip. "A decade ago, Crowne Plaza Okhla in Delhi was inaugurated with the aim of becoming South Delhi's business and dining hub," says Shuvendu Banerjee, general manager, Crowne Plaza, on having achieved the significant milestone. This year, the hotel has organised its clientele Season 12 of the Dilli 6 food festival on popular demand -- a signature experience where authentic and deep-rooted delicacies from the by-lanes of old Delhi are on offer within a hygienic set up.

The hotel property is part of the hospitality chain, Intercontinental Hotels Group (IHG), which plans to focus on India and will double its presence from the current 40 plus properties in the next 3-5 years. IHG has 28 Holiday Inns & Holiday Inn Express (essential segment), 10 Crowne Plazas (premium segment) and two Inter-continentals. The group made its mark in the luxury segment through Six Senses Fort Barwara – a beautiful 14th-century fort in Rajasthan, which was converted to become a sanctuary of well-being after a significant conservation effort. More luxury brands of IHG like Regent and Kimpton are also on the cards.

Marriott International, with nearly 7,000 hotels across 130 countries, is the largest hotel chain in the world, with J W Marriott, Sheraton, Courtyard by Marriott, etc, across luxury, premium and select categories. Similarly, there are 17 hotel brands under Hilton's umbrella including Hilton Hotels, Double Tree by Hilton and Hilton Garden Inn, with nearly 6,000 properties, in about 114 countries.

Indian hotel chains are also making a deep mark in the world of international hospitality. The Oberoi New Delhi has been ranked as the number one city hotel in Asia and The Oberoi Udaivilas Udaipur, the number one resort in India, while The Oberoi, Marrakesh, Morocco, has been ranked the number one resort in North Africa & the Middle East by Travel+Leisure World's Best Awards 2022.

World's strongest hotel brand

The company manages over 20 hotels under the luxury brand, Oberoi Hotels & Resorts, and 10 five-star properties under the brand of Trident Hotels. In addition, the group also operates the Clarkes Hotel in Shimla and the Maidens Hotel in Delhi. The Oberoi group has a presence in seven countries and operates a motor vessel in the backwaters of Kerala, as well as Oberoi Flight Services.

Indian Hotel's Taj has been rated as the world's strongest hotel brand across the globe for the second year in succession in the annual report by the leading brand valuation consultancy, Brand Finance Hotels 50, 2022. The over 115-year-old IHCL has brands like Taj, SeleQtions, Vivanta, Gateway, Ginger, Expressions, ama Trails and TajSATS.

"Taj being recognised as the world's strongest hotel brand for the second time in a row affirms it as the most acclaimed benchmark of excellence in the international hotel industry," states a top official of IHCL. The Taj group has about 200 hotels in nearly 100 locations in 12 countries spread across four continents. Vivanta is a smart collective of business and leisure-providing sophisticated, upscale hotels, which fits the needs of contemporary travellers. Vivanta by Taj in Surajkund Faridabad and Vivanta Dwarka are much in demand for weddings and conferences. Vivanta Surajkund in NCR is a five-star luxury hotel resort, offering modern living with luxurious amenities, gourmet dining options and truly lavish rooms. A luxurious infinity pool, award-winning Jiva Spa and barefoot dining by the pool are its highlights. Its in-house wine library has over 1,500 wines on offer. Fun and entertainment for kids is available in the indoor play area. A glass-encased lounge area is available in suites. The 'resort hotel' has-something on offer for everyone, combining the best of both worlds.

Vivanta at Heathrow in London and Kathmandu, Nepal, are among its recent additions. ◆

SUVENDU BANERJEE

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Onward and upward

PGIM Global plans to increase investment in Asian markets

PHOTOS: SANJAY BORADE

Menon: building a culture of safer financial behaviour

On 31 July 2019, in a relatively breezy board meeting, PGIM India, amongst top 10 global asset managers, concluded a transaction – it decided to buy its joint venture partner DHFL out of the embattled DHFL Pramerica and rename it PGIM India Mutual Fund. An announcement of this plan had come in December 2018. The move sounded counter-intuitive at that time, for DHFL Pramerica had lost nearly 85 per cent of its assets under management (AUM) in a few months after India's Lehman moment – the fall of IL&FS in August 2018, the resultant liquidity crisis and a direct reputational fallout on DHFL.

It must have taken an immense amount of courage and conviction on PGIM's part to take this defining step, but it seems visionary now, for PGIM India has not only lifted itself out of the eye of the storm but is now charting a growth path. The numbers tell the story – from an AUM of ₹26,708 crore in August 2018, PGIM had slipped down to ₹5,747 crore in March 2020; however, by March 2022, it was back to over ₹20,015 crore. The story of PGIM in India is as much a lesson in self-confidence and commitment, as in a hard-nosed focus on doing a few things right.

Ajit Menon, who took over as CEO, PGIM India MF, in end-2018, led the ship out of troubled waters and is now putting some pace on the journey, summarises the voyage quite simply: "We knew we had to build trust back and play to our strengths – our people, a performance-oriented investment platform, a strong organisational culture, communicating our differentiated approach clearly, all supported by our global parentage".

Focus on investment

PGIM decided to build an equity-focussed investment platform, a bold departure from the fixed income focus during DHFL Pramerica days. This was fortuitous too, because the pivot to equities coincided with a period of resurgence of mutual funds, which saw both retail and institutional funds flowing in. The average AUM for the domestic MF industry continues to grow – by 19.5 per cent from ₹32.1 lakh crore in March 2021 quarter to ₹38.4 lakh crore during the March 2022 quarter.

But building an equities-oriented platform needed a large amount of investment from the parent – in terms of fund managers, more analysts and more sectoral coverage, as well as investments in the right kind of technology. PGIM was equal to the task and stepped in with generous resource support.

Emboldened by PGIM's confidence, Menon was able to convince Srinivas Rao Ravuri, a well-regarded fund manager from HDFC Mutual Fund, one of the market leaders of the time, to come in as the new CIO – the first big hire by PGIM India. Ravuri and Menon then put all their focus on defining the philosophy and processes to leverage a team of talented fund managers and analysts and started building a performance-oriented investment platform.

The next step was to adopt a clear strategy and offer products that provided diversification opportunities to clients. "Our investment philosophy is GARP -- growth at reasonable price," explains Ravuri. "We look for companies that are growing, but all the time staying mindful of the price we are paying for growth."

The portfolio has been built over time, using both bottom-up stock selection and top-down macro-economic analysis, to drive a long-term performance. Their investment process helps customers build portfolios that are distinctly positioned for higher diversification, which is demonstrable across equity strategies having a relatively low overlap within each category. Therefore, a strong investment platform at the core, with three strong satellite areas that complement -- diversified international strategies, a strong and deep focus on the area of retirement and financial wellness and growth of their advisor partnerships

– contributed to the value proposition they were bringing to the table.

PGIM India brought in a range of products to offer diversification benefits to investors. Global Equity Opportunities Fund, Balanced Advantage Fund, Small cap Fund and a re-positioned Hybrid Equity Fund and Equity Savings Fund are some initial offerings that did well and brought PGIM to everyone's notice. PGIM India Flexicap Fund and PGIM India Midcap Fund are well regarded in their categories – of both the three-year and five-year periods.

"PGIM India has also introduced a Global Select Real Estate Securities REIT product to the Indian market," informs Abhishek Tiwari, CBO. "It offers exposure to a whole new asset class in terms of diversification and a wider participation to investors in various emerging real estate themes, including data centres, telecom infrastructure, hospitals and residential".

In addition to getting the products, it was necessary to bring in the processes too. Their ability to manage the onslaught of redemption during 2018-19 gave them great amount of confidence – that they were strong on process and that they had to build on that, remarks Menon. He contends that he and Ravuri changed the way they reward performance. "Fund manager appraisals and KRAs have more weightage on consistency and their active inputs now, rather than the earlier way of just rewarding top-quartile performance and outputs," explains Menon.

Communicate and build

It was important to communicate their differentiated approach to the investors and the investing ecosystem, comments Menon. The pandemic came as another crisis for an organisation just finding its feet again. But, in a way, it also worked for them. The quick acceptance of the digital medium for communication during the pandemic helped and Menon personally led the outreach programme, painstakingly meeting and discussing with hundreds of financial advisors and customers on multiple zoom calls daily all through the lockdown period and advising them to focus on the approach – managing the controllable, focussing on diversification and process. "It was important to communicate to financial advisors and our partner ecosystem that we were on top of the transition and were going about the rebuild methodically," says Menon. "Our approach, initial product success, the team we were building and, above all, transparency – all these went towards building the trust of the ecosystem". PGIM India is still the only mutual fund that puts out 100 per cent of most portfolios of its fixed income products that have a maturity of one year on a daily basis on its website.

Ravuri: growth at reasonable price

PGIM worked with its partners to focus on financial wellness and behavior, when advising clients, much more than just pushing investment ideas or products. Sharing best practices from advisors in more matured markets like the US and collaborating with solution providers like Syntoniq, who use behavioural science at the heart of solutions for client engagement, has been appreciated by advisors too. "Slowly but surely, advisors have bought into our approach and are now advising clients accordingly," observes Menon. "I see this as a big win, because it is our duty to also build a culture of safer financial behaviour, only then the rapid financialization will become sustainable".

PGIM India is also working strongly on content, sharing literature, research, investment approaches, trends and simple investor behaviour inputs across the ecosystem. For a country, which is still enjoying the demographic dividend but at the same time is seeing a burgeoning ageing population, PGIM India's Retirement Readiness survey of October 2020 was timed just right and has rightly reminded people of the need to see their investments as also a means to enjoying a comfortable post-retirement life. Retirement is the only financial goal for which you do not get a loan, in the conventional sense. For all other goals, one can fill the gap, if any, with a loan.

Happiness is an investment that doles out great returns in the long term. "At PGIM India Mutual Fund, we believe that wealth creation is more than just monetary," emphasises Menon. "Investing in relationships, health and good habits that improve your well-being must take precedence over mere monetary gains. Even for retirement it is important to reframe it positively – Financial Freedom. More than a target corpus, it is what you will do with your time that matters for a happy second inning. Diversity of interests is as important as diversifying your portfolio".

Future is bright

Menon remains bullish on the future. Aided by strong commitment of support from PGIM Global, which has recently announced its intention to increase investment in Asian markets, even an inorganic growth could be a possibility in India. While remaining non-committal to the possibility, Menon acknowledges that the global support remains a strong wind behind PGIM India's sails. However, in the immediate term, their focus will be on filling any gaps in the fund portfolio – such as in the Large & Mid Cap fund, Focus & Retirement categories – to enable further diversification possibilities for investors, he points out – alongside building back on a high-quality fixed income portfolio and PMS strategies as well.

"The pandemic has fast-tracked digital adoption across the market place by several years," informs Vinod Venkateswaran, COO. "And, this has presented a big opportunity to us to offer differentiated, high-quality solutions and ease of transacting to our customers."

"We are in it for the long term," sums up Menon. "And, we will do what it takes to continue to build PGIM India into a differentiated, cutting-edge investment platform, for enabling investors to make informed and safe investment decisions, with access to the right kind of information, products and solutions to enhance their financial well-being".◆

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NEW ISSUES

Standing tall

Tamilnad Mercantile Bank plans to go public

Now that it has completed a centenary as one of India's foremost private sector banks, Tamilnad Mercantile Bank (TMB) will add another feather to its cap soon – getting listed on the stock exchanges. TMB is coming out with a fresh issue of 15.84 million equity shares, which is slated to open for subscription on 5 September and will be a listed entity on the bourses on 15 September.

TMB's journey has been long and the business is showing growth tailwinds due to India's economic growth. On the service front, TMB has introduced various alternate banking channels such as automated teller machines (ATM), CRMs, internet banking, mobile banking, e-lobbies, point of sales, banking and debit and credit cards, with a focus on increasing customer penetration. TMB introduced internet banking to its system in 2008 through 'TMB-Econnect', with the utility payment facility, which enables customers to pay bills. TMB has about 0.28 million customers using internet banking facilities and about the same number of customers using its new mobile banking facilities introduced on October 2021.

To enhance its services, the bank has e-lobby facilities, which include services, such as cheque deposits, cash withdrawal and pass-book printing available 24x7 to customers. TMB had 101 e-lobbies, 1,141 ATMs, 282 CRMs and 4,760 PoS terminals across India. During 2021-22, its alternate banking channels contributed ₹90.46 crore to the total income.

The bank has built a strong presence in Tamil Nadu, with 369 branches and 949 ATMs and 255 cash recycler machines as of 31 March 2022. Tamil Nadu, the fourth largest state of India, is one of the fastest-growing states, with continued focus on MSMEs and the textile industry. As of 31 March 2022, its deposits and advances portfolio in Tamil Nadu has contributed 75.06 per cent to the total business.

Steady growth

Tamilnad Mercantile Bank's financial metrics is showing improvement on several return ratios and non-performing loans

	FY20	FY21	FY22
Total business	65,061.21	72511.45	78681.20
Deposits	36,825.03	40970.42	44933.11
Net advances	27,715.76	31069.60	33491.54
Net profit	407.60	603.30	821.90
Net interest (%)	3.64	3.77	4.10
Return on Assets (%)	0.99	1.34	1.66
CASA deposits (%)	25.85	28.52	30.50
Net NPA (%)	1.80	1.98	0.95

Figures in ₹ crore except otherwise stated; Source: RHP

Nevertheless, TMB is diversifying its growth into other high-growth regions of India too. Apart from Tamil Nadu, the bank is present in 15 other states and four Union territories of India. It has sizable presence in Maharashtra, Gujarat, Karnataka, and Andhra Pradesh. Overall, the bank has 509 branches -- 106 branches are in rural areas, 247 are in semi-urban, 80 in urban and 76 in metropolitan centres.

According to a CRISIL report, Tamil Nadu is ranked second in terms of state-wise contribution to GDP and has also grown at a rate faster than the national GDP growth rate. Tamil Nadu is also under-penetrated, which presents it with an opportunity for further growth in GDP, funded by bank loans, notes the Crisil report. "Our focus on quality of service and nurturing long-term relationship with our customers has enabled us to develop a well-recognised and trusted brand in South India, particularly in Tamil Nadu," informs the RHP filed on the websites of merchant bankers.

TMB's deposits have grown at 10.46 per cent CAGR (median of its peers: 7.90 per cent), while its advances grew at 9.93 per cent CAGR (median of its peers: 8 per cent) adds the CRISIL report.

Focus on RAM

A large portfolio of its advances comprises MSME loans, which contributed about 37.38 per cent as on 31 March 2022. Further, agriculture contributed 19 per cent, and retail loans comprising home loans, personal loans and auto loans, etc, comprised 20.4 per cent of its advances during the same period. The bank also has a low corporate advance book of about 12.53 per cent, as on March 2022. "This is in line with our strategy to move focus away from corporate customers in favour of retail, agriculture, and MSMEs (RAM)," notes the RHP.

During the last three fiscals, its overall deposits base has increased from ₹36,825 crore in 2019-20 to ₹44,933.1 crore in 2021-22. TMB's CASA (current account savings account) deposits, as a share of its total deposits, has increased from ₹9,518 crore (25.85 per cent) in 2019-20 to ₹13,705 crore in 2021-22 (30.50 per cent), growing at a CAGR of 20 per cent from 2019-20 to 2021-22. The bank has also witnessed stability in the renewal rates of term deposits.

Even so, the bank stands tall in comparison to its peer group. On the NPA front, the bank's numbers are the lowest, with gross and net NPAs of 1.69 per cent and 0.95 per cent in 2021-22, which is one of the lowest, compared to its peers, such as City Union Bank, Catholic Syrian Bank, DCB, Federal Bank, Karur Vysya Bank, Karnataka Bank, RBL Bank and South India Bank. According to the CRISIL Report, TMB has the second highest net profit for 2021-22 amongst peers, and its return on assets is also higher at 1.66 per cent, compared to a median 0.80 per cent among peers for same period. ◆

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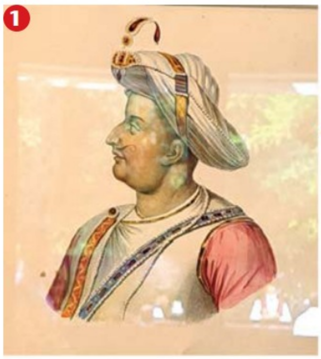
AN EXHIBITION UNDERSCORES HOW ART AND PROPAGANDA WERE INTERTWINED

Tipu through contemporary eyes

1



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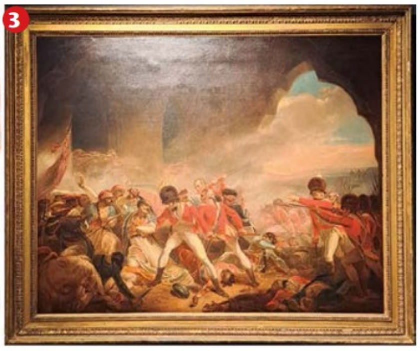

1 *An engraved portrait of Tipu Sultan by Edward Orme, dated 1805, six years after his death*

2 *The EIC medal, known as the Seringapatam Medal, or Sri Ranga Pattana, was awarded to all British and Indian soldiers by the Governor-General of India for their victory in the Fourth Anglo-Mysore War of 1799*

3 *Henry Singleton's The Last Effort and Fall of Tippoo Sultan*

Well over two centuries since he led Mysore, Tipu Sultan still remains one of the most charismatic figures, who took on the British Empire. Of late, his legacy has been seen as contentious, but there is little disagreement on his influence as a heraldic figure – one of the most determined combatants of colonial rule.

Delhi Art Gallery's (DAG) latest exhibition is *Tipu Sultan: Image & Distance*, which captures his times, largely viewed through English colonial paintings. The collection started with the gallery's acquisition of British artist Henry Singleton (1766-1839), *The Last Effort and Fall of Tippoo Sultan,* a couple of years ago, and was painted shortly after the siege of Srirangapattanam in 1799 that led to the death of Tipu.

Most of these paintings are fictionalised accounts, created from imagination. Works such as these are technically classified as art and, indeed, in the conventional sense of a painting on a canvas, they are. Their primary purpose at the time was to serve as news, in an era that lacked photography or video content. These paintings were a means of communicating the East India Company's successes in conquests in the subcontinent, especially to its shareholders.

While Singleton never even made it India, others whose works are also part of the show, such as Robert Ker Porter, did, but did not paint to accurately depict events, but as 'propagandist art'. There was good money to be made by these painters, as they pandered to a British domestic demand of seeing a triumphalist march of British soldiers in India. Accuracy was not even a factor, it soon emerges as curator Giles Tillotson, senior vice-president (exhibitions & publications), DAG, points out improbable situations in the paintings, evidently due to the lack of awareness of ground realities, political and social. "These works of art were not made for the Indian audience. They are propagandist works made for a British audience to persuade them that the war was needed."

Curator Giles Tillotson points to the role of propagandist art

DAG's Ashish Anand points out that this kind of exhibition has not been done before

The 90 odd works in the exhibition, on at DAG's Delhi gallery till the end of August, feature paintings, prints, maps, ceramic and wood sculptures, a EIC medal, newspapers mentioning Tipu – capturing the ethos of the times. They depict a time when Bangalore was a small town with a dominant fort, the almost empty streets of Fort St George in Francis Swain Ward's Fort Square, attires of the people practicing different professions at a time of strict caste segregations, even rare French maps of Fort St George.

Tipu's contested legacy is played down. "We are just giving people a piece of our history, asking them to come and look at it," explains Ashish Anand, managing director & CEO, DAG. "This is not just for the elite. We would want more and more people to come. This kind of exhibition has never been done before. What does Tipu Sultan mean to people in India today? What did he stand for? "His reputation remains controversial in some parts of the country, with popular writers and even some scholars taking up extreme positions. Some people idolise him, while others are fiercely dismissive of his contribution. What cannot be disputed is that he was one of the most formidable foes the British faced in India."

"We don't want to step into the contemporary conversation surrounding Tipu Sultan," Tillotson adds. "We would rather allow people to see a different perspective of him and provoke thoughts and questions." Irrespective of the motives, the exhibition is a great chance to peek into a past and examine human motivations, artistic or otherwise. ◆

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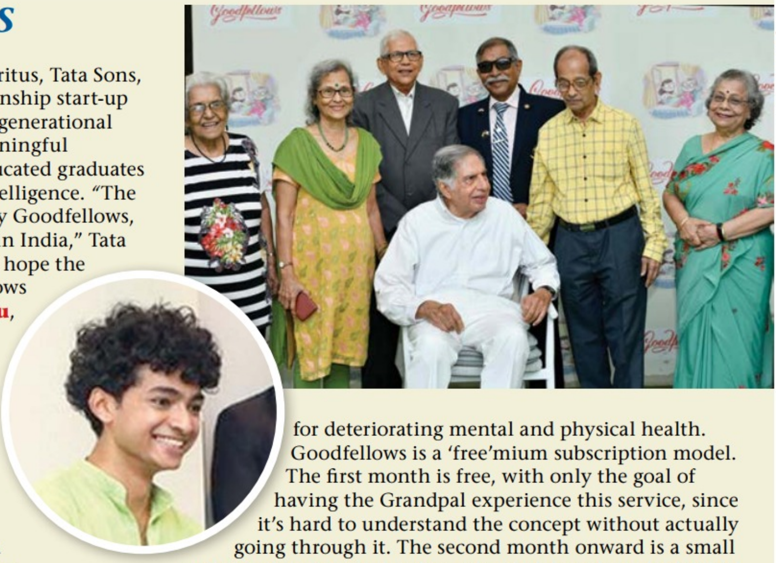
Bonding generations



SANJAY BORADE

Last fortnight, **Ratan Tata**, chairman emeritus, Tata Sons, launched **Goodfellows**, India's companionship start-up for senior citizens, in a bid to encourage inter-generational friendships. Goodfellows aims to provide meaningful companionship to seniors through young, educated graduates that are vetted for empathy and emotional intelligence. "The bonds between the two generations, created by Goodfellows, will help to address an important social issue in India," Tata explained, commenting on the investment. "I hope the investment helps the young team at Goodfellows grow." Says the 28-year-old, **Shantanu Naidu**, an MBA from Cornell University & a general manager at Tata's office, who founded the Goodfellows start-up: "The start-up emphasises that companionship means different things to different people. And, we are here to accommodate it all. Tata's investment in our venture further is a huge source of encouragement to our dedication to this concept". In terms of services offered, a Goodfellow does whatever a grandkid would do. There are 15 million elderlies in India living alone. The issue of loneliness has been the primary reason for deteriorating mental and physical health. Goodfellows is a 'free'mium subscription model. The first month is free, with only the goal of having the Grandpal experience this service, since it's hard to understand the concept without actually going through it. The second month onward is a small subscription fee that has been decided, based on the limited affordability of pensioners. ◆

Inspiring one and all

Launching the book 'Resolute By Design'
by Rajendra K Aneja
At the hands of
SINGH K HYARI

Bhagat Singh Koshyari, governor, Maharashtra, has launched *Resolute by design*, the biography of **Deepak Seth**, chairman, PDS Limited – a global fashion infrastructure company – at a ceremony at the Raj Bhavan in Mumbai. The book encapsulates the inspirational journey and life lessons of Seth, as he created one of the most trusted businesses in the fashion and retail industry globally. It also chronicles Seth's upbringing, followed by his journey spanning five decades, as he built successful global ventures. PDS' solid foundation was laid by his father, **Pallak Seth**, vice-chairman, PDS, who took the company to great heights. Seth senior built PDS from a single entity, to a federation of entrepreneurs, to a collaboration platform for fashion and retail solutions. Taking this strategic vision further, **Sanjay Jain**, group CEO, focusses on further growing this asset-light, agile model that delivers. Together, both leaders have helped PDS clock a turnover of $1.2 billion in 2021-22. "We share the story of our chairman Deepak Seth through the book *Resolute by design*," said Pallak Seth, commenting on the biography. With this book, *Resolute by design*, we are delighted that a large audience will gain inspiration and insight into not only this distinguished leader, but also the family man, friend and generous philanthropist that my father is." ◆

New milestone

Tata Motors has rolled out the 100,000th unit of Tata Punch from its manufacturing facility in Pune. "Punch has achieved the 100,000 sales mark within a short span of 10 months," informed **Shailesh Chandra**, managing director, Tata Motors Passenger Vehicles & Tata Passenger Electric Mobility. "It is one of the highest selling SUV from our 'New Forever' portfolio. The Punch is our second product based on the ALFA architecture and has successfully established its popularity by creating a new segment and thereby reinforcing the four core pillars of a true SUV -- stunning design, versatile & engaging performance, roomy & spacious interiors and absolute safety." ◆

PUNCH
ROLLS OUT
PUNCH

For underprivileged

LG Electronics has taken an initiative to set up a Skill Academy, aligned with the government of India Skill India programme. A Memorandum of Understanding (MoU) was signed with the Electronics Sector Skills Council of India (ESSCI) and the National Small Industries Corporation (NSIC). LG Electronics will set up a world-class Skill Academy at the NSIC Okhla Campus. As a part of this programme, over the next three years, expert trainers will be training 1,800 underprivileged youth and empowering them with skills to work for after-sales service of the consumer electronics & home appliances industry. The MoU was signed in presence of **Narayan Rane**, Union minister for MSME; Bhanu Pratap Singh Verma, MoS, MSME; B.B Swain, secretary, MSME; Rajesh Aggarwal, secretary, MSDE; Shailesh Kumar Singh, additional secretary, MSME; and P. Udayakumar, CMD, NSIC, as also **Tae Jin Chang**, head, customer service, LG Electronics. "LG Electronics has been operating in India for more than two decades," said Tae Jin Chang, commenting on the announcement. "And, it has been a committed partner in the country's growth journey over the years. Over the next three years, we will be training local youths to create an opportunity for them to be employable and self-dependent." ◆

Fast service

StanPlus, India's largest medical emergency response platform, has announced its partnership with Narayana Hrudayalaya, to manage its ambulance services and provide ambulance care to critical cases in less than 15 minutes. The partnership entails deploying Advanced Life Support and Basic Life Support in Narayana Health's Narayana Institute of Cardiac Sciences and Mazumdar Shaw Medical Centre, within the Health City campus, catering to over 1,250 beds. In addition to Narayana Health City, StanPlus has also partnered with Sakra World Hospital, Fortis Hospital-Cunningham, Fortis Hospitals, Bannerghatta and Sparsh Super specialty Hospital, among others, to ensure that the 'red' ambulances and trained paramedics can reach critical patients in less than 15 minutes. The strategic partnerships with the hospitals have enabled StanPlus to serve 2,500 beds and facilitate 10,000 patient trips on a monthly basis. "In the last two years, we have managed to cover significant areas of Bengaluru and can reach critical cases in less than 15 minutes," informed **Prabhdeep Singh**, CEO & founder, StanPlus. "To strengthen our reach and extend seamless emergency medical services, we at StanPlus are elated to announce that we have partnered with Narayana Health. StanPlus will soon be able to cover all of Bengaluru and ensure that everyone has access to quality emergency medical service." ◆

Opportunity beckons

The **Bill & Melinda Gates Foundation** has announced the appointment of philanthropist **Ashish Dhawan,** founder & CEO, Convergence Foundation, to its board of trustees. Dr Helene D. Gayle, president, Spelman College, US, has also been appointed to the foundation's board of trustees. The new board members will serve alongside Gates Foundation CEO Mark Suzman and co-chairs Bill Gates and Melinda French Gates, a statement said. In addition to being CEO, Convergence Foundation, which is focussed on accelerating India's economic growth and development, Dhawan -- who had made his fortune through Chrysalis Capital, which he cofounded in 1999 -- is also chairperson, Ashoka University, and Central Square Foundation, a non-profit organisation working to improve the quality of education, and is based in New Delhi. The Gates Foundation has been working in collaboration with the Indian government and other partners since 2003 on health care, sanitation, gender equality, agricultural development, and financial empowerment. "The foundation has made exemplary contributions to India's development over the last 15 years," said Dhawan. "I look forward to learning from and contributing to its education efforts across the world, particularly in Africa," he added. "At a moment of great need and opportunity across global health and development, Helene and Ashish bring unique ways of thinking that will help us see things we don't," said Bill Gates. ◆

‘They want to stop Kejriwal’

Manish Sisodia, deputy CM and finance minister of Delhi, finds himself in the crosshairs of the CBI’s investigation into the Delhi excise policy. He claims that the CBI raids on him are meant to scuttle the AAP’s national ambitions and stop Arvind Kejriwal in his tracks

What is your response to the CBI raids?

I actually feel like laughing. You raided my house for 18 hours, and found nothing. Your raids have failed. Now, there is talk of a lookout notice for me. I am here, in my own residence. You tell me where I should meet you and I will meet you there. Why fabricate such a drama?

This investigation will not be able to unearth anything, as we have not indulged in any corruption. This is the reason we are so confident. We also want these investigations to be completed soon, so that they are fully exposed.

Please investigate all allegations. We know why you are doing this. We know that you are not interested in any investigation or the excise policy. If you were worried about that, you would have taken action in Gujarat, where there is a loss of revenue to the tune of ₹10,000 crore, where people have lost their lives in a hooch tragedy. If you were interested in corruption, then the CBI and ED would have raided those places where the road, (Bundelkhand Expressway in UP), built at the cost of thousands of crores of rupees, collapsed days after the Prime Minister inaugurated it.

The FIR says you went ahead and implemented the Delhi excise policy without taking the approval of competent authorities...

BJP is levelling all kinds of allegations. Take the amount involved, the figure keeps on varying. It is saying we have indulged in corruption to the tune of ₹8,000 crore; sometimes, ₹11,000 crore; ₹144 crore and, then, ₹30 crore. When they filed the FIR, they said one company has given another company ₹1 crore in white.

Why are they targeting you?

They are interested in just one thing – how to stop Arvind Kejriwal’s work in health and education. They have tried to stop Kejriwal so many times, but he is working towards making the country number 1.

> People are talking about Kejriwal making the country number 1 in health and education and employment. Modi is not even talking about that

They want to stop Kejriwal ahead of the 2024 elections, because they are scared of him. Today, the people of the country are looking at Kejriwal, and want to give him one chance because he knows how to work. He talks about inflation, unemployment, education and health, which is why the people want to give an opportunity to Kejriwal. Even the people of Gujarat are inspired by this. The BJP has done nothing in the last 27 years in the state.

The charge against you is that a waiver of ₹144 crore was given to companies...

If it is wrong, then why doesn’t it find mention in the FIR? But go ahead and investigate that also. This is my claim that there is no corruption in this policy, neither in the making nor in its implementation. This FIR and the raid at my house are proofs.

If your excise policy was good, why did you withdraw it?

The BJP has to answer that question. Why did the BJP make the Lieutenant Governor take a U-turn on a policy that he had approved two days before? This resulted in a huge loss. Why is there no CBI investigation into this? Why does the BJP not answer this question? They also don’t have any interest in the loss of revenue in Delhi’s excise policy.

Isn’t the AAP over-rating itself politically? BJP leaders say your claim of Kejriwal being an effective counter to Modi is laughable...

Laughable? Isn’t it laughable that the country’s PM is preoccupied with where the CBI was sent and how to increase the duration of the raid from 14 hours to 18 hours.... And, if nothing is found in an 18-hour raid, how to send a lookout notice and file an FIR.

But then there is Kejriwal, who is constantly thinking about how to tackle unemployment and inflation, and is building schools and hospitals. There is a competition between the two leaders and people are talking about this. People are talking about Kejriwal making the country number 1 in health and education and employment. Modi is not even talking about that. ◆

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